

EUROPEAN NEWS

EC guardians shake the chemicals world

William Dawkins looks behind alleged cartel-busting moves in the soda-ash industry

THE European Commission's cartel-busting department is forced to tread on national and corporate sensitivities nearly every day, in a variety of industries, in its role as enforcer of Community competition law.

Executives in the chemical industry sometimes admit to feeling victimised by them, though of course the department's officials vehemently deny picking on anyone.

But the fact is that chemicals companies have been the subject recently of four of the most important dawn raids staged by Commission inspectors. They do have the right under EC competition law to make unannounced visits to examine and seize documents at suspects' premises, though several chemicals producers are challenging this in the European Court of Justice.

The biggest recent targets by the commission include cartels in three widely used plastics - polypropylene, low-density polyethylene and polyvinyl chloride. A few months ago the commission fined a group of chemicals producers Ecu60m (£39m) for their part in the polyethylene and PVC cartels.

The chemicals cases are primarily why Commission fines imposed on cartels rose from Ecu7.6m in 1987 to a record Ecu90.7m last year. The previous record, Ecu65m in 1986,

COMMISSION COMPETITION FINES 1988

Concern	Ecu millions
British Dental Trade Association	0.10
British Sugar	3.0
British Fur Breeders' Association	6.50
Sabena	0.10
SBS Industries (British Plasterboard)	0.15
British Oppsum	3.0
Italian flat glass producers	13.4
PVC producers	23.5
Low density polyethylene producers	37.0
TOTAL	90.75

Source: Stanbrook and Hooper, European Community Lawyers

was almost totally accounted for by the Ecu56m of penalties that year due to the polypropylene investigation (see table).

Brussels is taking a tough stance in the area of price fixing if only because it is uncomfortably aware of the vastly increased market-distorting power cartels could exert in a post-1992 Europe in which trade barriers no longer exist.

Some parts of industry - such as steel and artificial fibres - still benefit from vestiges of market protection authorised by the EC during the last recession at the turn of the decade. But they are scheduled for demolition in the Community's single market plan. This is how Brussels catches up with the rest:

Officials in the Commission directorate general responsible, DG-IV, have a reputation for

being tougher and less diplomatic than their colleagues in the less visible parts of the Brussels bureaucracy, a reflection of the wide constitutional power they wield.

DG-IV has around 80 to 90 "A" grade officials - roughly equivalent to decision-making rank in a company - split into five semi-independent mini-directorates, responsible for all aspects of competition policy from merger control through anti-cartels to controlling state aid. Three of these are specifically responsible for enforcing Articles 85 and 86 of the Treaty of Rome - which ban anti-competitive agreements and abuses of dominant positions - in their various sectors.

The biggest and busiest, known as Directorate C, the one that deals with chemicals, can include up to 40 officials, the lion's share of DG-IV. They

DG-IV FINES

YEAR	TOTALS (Ecu millions)
1976	0.285
1977	0.255
1978	0.10
1979	7.20
1980	1.10
1981	3.73
1982	2.93
1983	1.80
1984	22.71
1985	12.75
1986	65.57
1987	7.58
1988	90.75

Source: Stanbrook and Hooper

are typically lawyers or economists in their 30s, working under senior divisional directors. They clearly relish their role as guardians of free competition in their specialised sectors.

An anti-cartel inquiry can only start with the authorisation of the Commissioner for Competition Policy, DG-IV's political controller. The request from DG-IV to open an investigation can originate in any number of ways, including a tip-off from disgruntled buyers or suppliers, press rumours or the Commission's own industry monitoring.

Normally two to three officials will co-ordinate an inquiry, but will call in support if they need to launch a dawn raid, reserved for the most seri-

ous cases. DG-IV used 30 inspectors for its unannounced simultaneous visits last week on the eight businesses across Europe involved in the alleged soda-ash cartel.

On the whole, officials reckon that raids like this are fruitful, so long as they have done enough homework to know clearly what documents they are looking for. Sometimes they are lucky, such as when one ICI executive left a pile of documents relating to a plastics cartel on his window sill.

But that kind of slip gets rarer as more companies and their lawyers get wise to falling foul of EC anti-cartel laws. Some legal firms have developed so-called "compliance packages" on how to obstruct Commission inspectors during dawn raids without breaking the rules.

Common techniques include insisting that officials go through long legal procedures before getting their hands on documents, the nearest thing, says one observer, to "a constructive refusal".

The signs are, say Brussels lawyers, that procedural wrangling will become a more widely used defence against dawn raids in the future.

A second article on cartels and the chemical industry will appear on the European News pages later this week.

Soviet report points to price worries

By John Lloyd in Moscow

THE Soviet Union is experiencing the pains of a freer market without tasting many of its fruits, a group of senior Soviet scholars has concluded.

A discussion this week at the Academy of Social Sciences in Moscow and published yesterday in the Socialist Industry newspaper revealed strong concern over inflation, shortages and higher prices - but also conflicting solutions. One participant, historian V Fedin, said "the gap between the reality and ideal of socialism is no smaller now than three years ago."

Statistics revealed at the meeting included:

- About one quarter of Soviet national income - 125bn roubles (about £125bn) or 1987's head - was spent on public social provision last year.
- National income increased by 4.4 per cent in 1988, while productivity rose 5.1 per cent.
- Personal savings in bank deposits on January 1 1989 were 1297.5bn, up by 35 per cent since 1985.
- The number of co-operatives increased in 1988 from 14,000 to 77,500 by January. They employed 1.4m people.
- Ministries had saved over 151.5bn by end-1988 through the self-financing of enterprises they had funded.

Italy rules out free access for UK Nissan cars

By Alan Friedman in Milan and John Grimshaw in London

ITALY will not allow free market access to UK-built Nissan cars despite a climbdown by France, which has agreed to count shipments of UK-built Nissans against the quota that France imposes unilaterally on cars imported from Japan.

A senior aide to Mr Renato Ruggiero, Italy's foreign trade minister, last night said that Rome has no plans to follow the French liberalisation move until there is a Europe-wide agreement on the matter of local content of Japanese cars produced in the European Community.

"Until there is a Community-wide accord we will continue to consider the Nissan 'Bluebird' as a Japanese product and not a European product," the official explained.

This means the Bluebird is to be considered part of the quota of Japanese cars allowed into Italy.

With the French acceptance that under existing EC rules, UK-built Nissans are entitled to unrestricted market access, Italy has thrust itself unexpectedly into the limelight as the last bastion of overt opposition to free distribution of the UK-produced cars.

There is now a possibility that French vehicle makers, who bitterly opposed the French Government's climbdown, will seek to stoke the controversy into new life.

Italy appears to have decided to ignore the prime reason for the French climbdown: that the only existing EC local content rule provides for a vehicle to be counted as 'European' if the last substantial manufacturing operation takes place inside an EC country.

Italy restricts the number of direct Japanese car imports into Italy to around 2,500 a year and a further 14,000 Japanese cars may be brought into Italy from elsewhere in Europe.

Fiat, the Turin-based group which controls 60 per cent of the Italian car market, said it had no comment to make on the Rome Government's position.

Mr Camillo Fre, a Fiat spokesman, said: "We do not believe that the Nissan Bluebird consists of 80 per cent European components."

Hungarian Communist Party loses members

By Leslie Collett in Berlin

THE decision a year ago to expel four prominent reformers from the Hungarian Communist Party was reversed this week but it appeared doubtful that they would rejoin the party which has lost a record number of members.

The four - Mr Zoltan Biro, Mr Mihaly Bihari, Mr Zoltan Kizaly and Mr Laszlo Lengyel - were expelled because of their close contacts with the reform-minded Hungarian Democratic Forum.

They were ousted under the former Party leader, Mr János Kádár, who was voted out of office shortly afterwards. Mr Biro, a writer, and Mr Lengyel, an economist, spoke at a meeting of party reformers in Keszthely but indicated they would not rejoin the party.

In the first three months of this year, 23,000 members left the party while only 2,000 people applied for membership. Last year 83,000 members left of whom 53,000 went of their own accord. There were only 13,000 new admissions and Party membership sank to a low of 790,000.

Many of those who resigned believed the party was reforming too slowly. Others left in protest against the falling standard of living and the introduction of a multi-party system.

Luxembourg flies the flag of independence

By Tim Dickinson in Luxembourg

THE sentiment may not be widely shared across the border in France but true Luxembourgers always said there was just one historical event worth celebrating this year.

That is the 1839 Treaty of London which marked the political independence of their tiny nation state from King William of the Netherlands and whose 150th anniversary they remembered in colourful style on Monday.

Once the helpless pawn of its powerful but generally squabbling neighbours, Luxembourg has recently played a role in European affairs which belies the fact that it is roughly the same size as a typical English county (just 990 square miles and 372,000 inhabitants).

As if to prove the point, all heads of Governments of the original signatories of the 1839 Treaty turned up for the festivities. Among them were Mr Nikolai Ryzkov, President of the Council of Ministers of the Soviet Union, who is on a three-day state visit to the Grand Duchy, Mrs Margaret Thatcher of the UK, Chancellor Helmut Kohl of West Germany (though he made his excuses and left at lunchtime), Prime Ministers Lubbers and Martens of the Netherlands and Belgium, Mr Michel Rocard, the French Prime Minister and Chancellor Vranitzky of Austria (battling as it were for the Austro-Hungarian empire).

Wedged between the grandfatherly figure of the Grand Duke Jean and his closest European ally Mr Raulo Haahtela - if not a safe distance from the relaxed and smiling European Commission President, Mr Jacques Delors - Mrs Thatcher appeared to enjoy the garden party atmosphere of the main flag-raising ceremony (red, white and a rather garish sort of turquoise blue). Only a noisy Chinese airlines jet passing overhead - Peking's pique perhaps - disturbed the seductive atmosphere of calm.

Luxembourgers themselves, however, are the most prosperous people of Europe on a GDP per head basis - appeared to be more curious than enthusiastic about Monday's goings on.

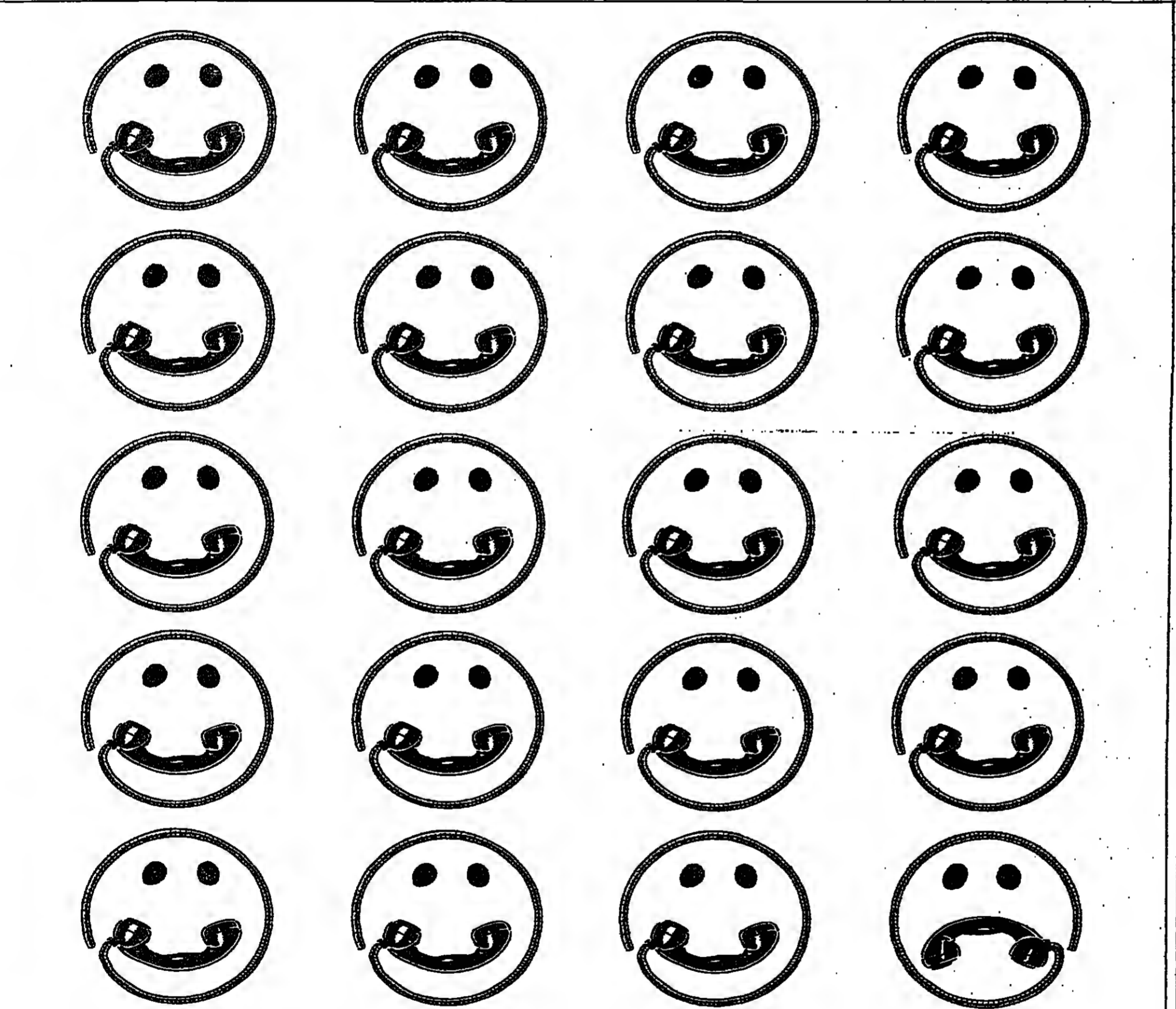
More than 27 per cent of them are in any case foreign, ranging from Portuguese immigrants who came in the sixties to well-heeled bankers who form the core of the country's thriving financial services industry (around 150 fully fledged banks and at least twice as many investment funds).

One real Luxembourg - as well as a real banker - confessed to being "pretty depressed" by the celebrations.

"The way in which we are being forced to impose a withholding tax by our EC partners - which I do not incidentally think is a good idea - makes our boasts about independence a bit of a joke. In any case, I object to all the parties being held at the taxpayers expense - all they do is help the Government's chances in the June elections."

While the Luxembourg in the street may not be greatly concerned, the Grand Duchy's leading historian Professor Gilbert Trausch pointed out that 1839 is, in fact, a painful date for some, symbolising the partition of the country into its present historically German speaking territory - though Luxembourgish is the official language - and the French speaking Belgian province of Luxembourg.

The "deep knife cut" imposed on the people, as the Professor describes it, caused great grief at the time but both sides seem to have got over it fairly quickly and in line with the pragmatism that explains their success today have since "followed obviously without regrets, each of them, their own road."



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Algeria expels ETA members

THE Algerian Government yesterday expelled six leading members of the Basque terrorist organisation ETA following the breakdown of talks with the Spanish Government and a resumption of ETA violence in Spain, writes Peter Bruce in Madrid.

The six, who had been in exile in Algeria, were flown to the Dominican Republic by the Spanish Air Force, accompanied by Algerian officials. They include Mr Eugenio Elchebeste, who earlier led the talks with the Spanish.

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EUROPEAN NEWS

Pöhl welcomes Delors proposals

By Haig Simonian in Frankfurt

MR Karl Otto Pöhl, president of the West German Bundesbank, yesterday gave a cautious welcome to the Delors Report on European economic and monetary integration...

"I am pleased by the fact that the Delors Report has been written in English, while the UK maintained its distanced view towards European monetary integration..."

politicians were unable or unwilling to realise. Thus priority should now be given to realising monetary and economic policy measures...

able once such preliminaries had been completed. Mr Pöhl particularly welcomed the report's recognition of the positive role played by the D-Mark as an "anchor" in the EMS...

Nine face drug piracy charges

By Alan Friedman in Milan

MAGISTRATES in Milan yesterday indicted nine people accused of stealing biological materials and illegally manufacturing Doxorubicin, an anti-tumour drug...

Moscow 'still updating N-arms'

By David White, Defence Correspondent

THE US will provide Nato allies today with detailed information to support its claim that the Soviet Union, while attacking Nato plans for replacing short-range nuclear weapons, is itself continuing to update its nuclear arsenal...

that it has improved the guidance and booster systems on its Scud missiles in central Europe and has reinforced its aircraft capable of delivering nuclear bombs and stand-off missiles...

economic relations. Mr Kovacs returned last Sunday from Israel where he had talks with the Foreign Ministry. He said Hungary wanted Israel to liberalise import licences and lower tariffs for Hungarian goods...

World Bank set to approve Polish loans

By Peter Riddell, US Editor in Washington

THE World Bank is set to approve within three to six months a series of loans to Poland amounting to about \$300 million...

executive board by mid- or late summer. President Bush in a speech on Monday backed lending by about \$200 million initially...

However, World Bank officials are reluctant to rush into large-scale commitments. The attitude of both the Bank and the International Monetary Fund depends on the Polish Government being able to present a credible programme...

loans to Hungary, which is regarded as further down the economic reform road. Mr Lech Walesa, the Solidarity leader, and Gen Wojciech Jaruzelski, the Communist party chief, shook hands and conversed yesterday for the first time in seven years...

Italian fusion Prof Umberto Colombo, president of Italy's nuclear research agency Enea, yesterday reported a successful experiment in nuclear fusion...

Hungary likely to renew ties with Israel

By Leslie Collitt in Berlin

MR Yitzhak Shamir, the Israeli Prime Minister, had talks yesterday in Budapest with Mr Karoly Grosz, the Hungarian leader, which are expected to lead shortly to full diplomatic relations...

after the Six Day War. Hungary and Israel agreed in August 1967 to representatives in each other's capital and Mr Shamir made his first visit to Hungary last September...

Mr Kovacs returned last Sunday from Israel where he had talks with the Foreign Ministry. He said Hungary wanted Israel to liberalise import licences and lower tariffs for Hungarian goods...

France to cut state jobs to curb deficit

By Ian Davidson in Paris

FRANCE'S Socialist government is planning to cut state jobs in an attempt to trim the budget deficit. Mr Michel Rocard, the Prime Minister, has told spending ministers to cut jobs by 1.5 per cent in order to reduce the deficit...

educational system. Reforms in the pipeline include 12,000 extra teaching jobs and a FFf 11.6bn real increase in educational spending in the next five years...

Jakes pledges reforms for Czech economy

By John Lloyd in Moscow

MR Milos Jakes, the Czechoslovak leader, yesterday promised perestroika to shift his country's economy away from heavy industry, integrate it more fully with other socialist countries, give limited openings to the West and allow even more limited democratisation...

He was unrepentant about the Soviet intervention, referring to it as a Soviet authority still do, though rarely - as "international assistance" which stopped "subversive activities" and the threat of civil war...

Latvia plans to shake off Moscow yoke

By John Lloyd

LATVIA'S government is preparing reforms to secure economic independence from the rest of the Soviet Union and restoring Latvians to a majority in their own land...

political issue. Most recent immigrants on the migrants who work in large enterprises, which are controlled from Moscow...

Mr Anatoly Gorbunovs, chairman of the Latvian Supreme Soviet and the state's dominant political figure, said in an interview with the FT that the changes in language, economy, migration and citizenship policy were provoking anger and opposition among the non-Latvians...

GLOBAL INTEGRATION THROUGH OVERSEAS INVESTMENT. Seeking New Business Opportunities. After an extensive restructuring, Nissho Iwai is poised for a new era of growth. The group's President, Masaru Hayami explains.



Mr. Masaru Hayami, President, Nissho Iwai Corporation

Robins: Nissho Iwai's medium term business plan "Challenge '88" has now concluded. How successful was it? Hayami: As you have stated, Challenge '88 was launched in October, 1985, and recently concluded in March...

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"Tradepla International", a 28-page English language quarterly magazine published by Nissho Iwai Corporation, provides you with an excellent insight into Japan. Topics include management, marketplace, technology, lifestyles etc.

OVERSEAS NEWS

CURRENT ACCOUNT DEFICIT MAY EXCEED A\$15BN

Australian economy continues to deteriorate

By Chris Sherwell in Sydney

THE Australian dollar slid on the foreign exchanges yesterday after worse-than-expected balance of payments figures for March underlined the continuing deterioration in the country's external economic performance.

A current account deficit figure of A\$1.62bn (£766m) was above even the most pessimistic forecasts, and took the nine-month total to A\$12.98bn. Analysts are now projecting a record figure for the year in

excess of A\$15bn. The Australian dollar, one of the world's heaviest traded currencies, finished in Sydney at 60.2 on a trade-weighted basis (May 1970=100), down from 61.3 on the day.

The news inevitably fuelled speculation of a further rise in domestic interest rates, but because this would hit politically sensitive home mortgage rates, already at record levels, some analysts believe the government may now want the strain to be taken increasingly by the currency.

The figures were the first major statistics on the economy to be published since Mr Keating's announcement last week of A\$8.7bn in tax cuts

and welfare rises together with productivity-linked pay rises averaging 3.5 per cent.

Recruit probe set to focus on Japanese politicians

By Stefan Wagstyl in Tokyo

JAPANESE public prosecutors yesterday indicted a senior civil servant on bribery charges arising from the Recruit scandal, clearing the way for a full-scale investigation of politicians' role in the affair.

EC warned about reciprocity

By Stefan Wagstyl

A SENIOR Japanese Government official yesterday warned the European Community the application of proposed rules on reciprocal access to markets could "easily result in protectionism".

Japan, which separates bank and securities businesses. Mr Shiratori's comments reflect worries in Japan that the EC might seek to put pressure on Japan to grant further access to European companies.

The EC has said new rules on reciprocity will not be applied retroactively - that is, foreign companies already established in Europe will be treated as local.

The Foreign Exchange Council, an advisory body connected to the ministry's International Finance Bureau, is considering under what conditions this restriction could be removed.



Happy times: Adnan Khashoggi and his wife Leena

Dealmaker trapped by his own lifestyle

ADNAN Khashoggi has never had much of a head for business. It is the one criticism his friends make of him. Rather he is a salesman, a dealmaker, an influence-peddler who loves the quick financial fix and finds the routine of management insufferably dull.

"Tiny" Rowland of Lorain, Mr. Rowland's sworn enemy Mr. Mohamed Fayed, boss of Harrods and the House of Fraser, is a former employee and brother-in-law of Khashoggi.

emerged only in late 1984 or early 1985, when Khashoggi started selling off mortgaged assets of his Trised America company, based in Salt Lake City.



Robert Mugabe: relaxing administrative controls

Mugabe eases investment rules

PRESIDENT Robert Mugabe yesterday announced measures to liberalise Zimbabwe's economy in bid to encourage investment and reduce soaring unemployment, Reuter reports from Harare.

Details of the new economic measures will be announced next month, but Mr Mugabe outlined the broad terms. The Government will further relax controls on remittance of dividends, limited now to 25 per cent of after-tax profits for investments before independence.

To encourage foreign investors to play a role in revitalising the economy, Mr Mugabe said a centre was being set up to give advice and speed up the process of foreign investment applications.

Price rises in Jordan spark student riots

By Our Foreign Staff

RIOTING broke out in the Jordanian town of Maan yesterday as students protested against price rises, which came into effect three days ago as part of an economic reform plan backed by the International Monetary Fund.

Christian Tyler profiles Adnan Khashoggi, who was arrested in Switzerland yesterday

From his schooldays Khashoggi showed a knack for making money and an equal knack for spending it. At the height of his fortunes, built on commission payments for arms sales to Saudi Arabia, his domestic outgoings alone were about \$500,000 a month, according to a former aide.

With his houses, aircraft and yacht in and out of back the Nabilla has been sold to Donald Trump, the New York property magnate.

With his houses, aircraft and yacht in and out of back the Nabilla has been sold to Donald Trump, the New York property magnate.

Botha warns on timetable for Namibia withdrawal

THE timetable for removing South African troops from Namibia will be abandoned unless all the South-West Africa People's Organisation guerrillas in the territory withdraw to Angola soon, Mr Pik Botha, the South African Foreign Minister, said yesterday.

Macao to strengthen its central banking powers

By John Elliott in Macao

A NEW monetary authority is to be set up soon by Macao, the tiny Portuguese enclave on the south China coast near Hong Kong, in a reshuffle of central banking responsibilities.

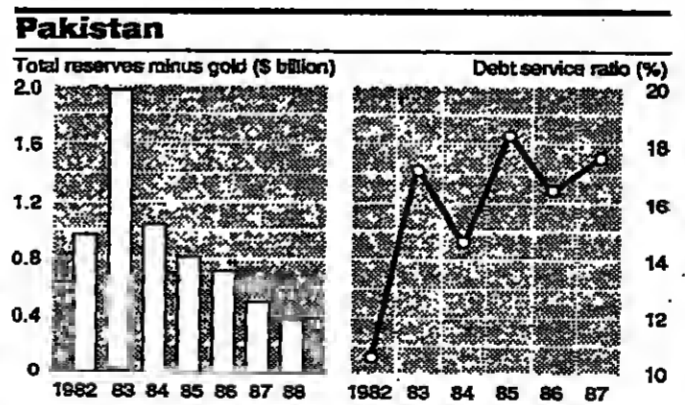
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Pakistan confronts the economic crisis hidden under a pile of debt

Pakistan's Benazir Bhutto took office as Prime Minister in December amid immense international goodwill, every ounce of which will be needed in Paris today when the country's leaders ask a consortium of aid donors for an unprecedented and desperately needed \$3bn.



Bhutto move likely on security reform

By Our Correspondent in Islamabad

LONG-EXPECTED moves by Ms Benazir Bhutto to force Pakistan's armed forces out of the political arena appear imminent with reform of the security services topping the agenda.

The recommendations are unlikely to find favour in the headquarters of the ISI, the military intelligence agency used widely in domestic surveillance and in policy by the late President Zia. One Cabinet minister comments: "ISI is Zia's most insidious legacy."

The government Ms Bhutto inherited was so bankrupt that it was printing money to pay salaries; ministries had run out of stationery, photocopying had been banned and empty ballotpen cases had to be presented before refills could be issued.

Christina Lamb unravels the mess Bhutto inherited from Zia and which only international goodwill can hope to address

from workers in the Gulf, the country's single largest source of foreign exchange, which peaked in 1984 at more than \$3.2bn.

Moreover, the agreement, which requires the budget deficit to be cut from nearly 9 per cent of GNP to less than 5 per cent in three years, involves austerity measures which are proving politically crippling for a new government facing high public expectations.

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AMERICAN NEWS

Wright opens defence of his ethics

By Lionel Barber in Washington

MR JIM WRIGHT, the Speaker of the US House of Representatives, yesterday opened his defence against wide-ranging ethics charges before the most important jury of all - the House Democrats who will have the final say over whether he keeps his post.

Mr Wright addressed a closed session of the Democratic caucus in the House chamber, with many members saying they were concerned but keeping an open mind.

On Monday, the House Ethics Committee issued a politically devastating report, amounting to an indictment, in which it said it had found "reason to believe" that Mr Wright had violated rules on congressional conduct on 69 separate occasions.

The Speaker's supporters, mainly based in the Democratic leadership and among his fellow Texans, are confident that he will be able to deal with the charges against him.

But other Democrats believe the charges are damaging the institution of Speaker. Mr Wright is the first Speaker in US history to be formally charged with ethical wrongdoing.

Mr Wright has demanded an early hearing before the 12-member ethics panel, which approved unanimously a report setting out the charges. These include acceptance of \$145,000 in salary and benefits and "an overall scheme to evade" house limits on outside earned income through the

bulk sale of a book, Reflections Of A Public Man.

The next step is a "trial" in which committee members act as judges and can recommend punishment.

Any punishment requires a vote by the full House, in which Democrats hold a 290 to 173 majority over Republicans.

Many Democrats, however, are concerned that the torrent of critical media coverage about the Wright affair could force the Speaker out of office later this year.

possible to give the appearance of meeting the target without too much trouble.

What happens in practice could be very different. The deficit in the current fiscal year is likely to be at least \$180bn to \$170bn and you have to have great faith in the \$40bn of extra revenue produced next year by economic growth expected by the Administration, or the \$230bn of spending savings and added tax receipts agreed last Friday, to believe that the deficit for fiscal 1990 will be much below \$130bn to \$140bn at best.

Fiscal 1991, with a \$64bn Gramm-Rudman target, will be even more difficult. Senator George Mitchell, the Democratic Majority leader, has said talks with the Administration on that year will start immediately, and tax increases will be "inevitable" then. The Administration is not yet prepared to concede that publicly.

Meanwhile, administration officials are winking in the wind to believe that the current deal will of itself be sufficient to produce lower interest rates. It falls well short of the objective of a multi-year deficit reduction package set by President Bush in February and regarded by Mr Alan Greenspan, chairman of the Federal Reserve, as the key to market credibility.

Describing the agreement as the "best in the circumstances", Congressman Lee Hamilton, chairman of the joint economic committee, yesterday summed up a widespread feeling when he said: "We are eroding the strength of the economy while we put off serious deficit reduction."

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Tougher action urged on budget deficit

By Ivo Dawmay in Rio de Janeiro

THE Congressional Joint Economic Committee has urged Congress and the US administration to do more to reduce the federal budget deficit because it is squeezing savings and investment, Reuter reports from Washington.

Representative Lee Hamilton, the Committee's Democratic chairman, said the deficit released a report on the US economy, which was pleased with the seven-year-old economic expansion but was concerned with the current emphasis on consumption and borrowing and the low rate of savings needed to finance business investments.

"We agree that the federal budget deficit has been a major contributor to this problem," Mr Hamilton said at a news conference. "We urge our Congressional colleagues and the administration to take effective steps to reduce the federal budget deficit."

He said the budget agreement between the White House and Congress announced last week would do little to reduce federal red ink.

The panel's report said the economy's weakest points were the nation's low savings rate and the vulnerability of many financial institutions, including falling thrifts and commercial banks with risky Third World loans.

Reducing the budget deficit would improve domestic savings needed to finance business investment and research and development for the future, it said.

The report said the Federal Reserve was walking a thin line in making monetary policy given the maturity of the current expansion and a 15-year low unemployment rate that brings the economy close to full employment.

Panel member Senator Steve Symms, an Idaho Republican, expressed concern that the Federal Reserve could overreact in its bid to fight inflation and raise interest rates too high and choke off the expansion.

"If they continue to crank up interest rates, that may not have the effect of being non-inflationary but have just the opposite effect as it increases the cost of doing business and pushes the price index up," he said.

Brazil's dominant party in struggle over poll candidate

By Ivo Dawmay in Rio de Janeiro

THE outcome of Brazil's presidential elections in November and the future of its dominant political party - the Democratic Movement (PMDB) - may well be decided today at a meeting of the PMDB leadership in Brasilia.

A hundred PMDB delegates will attempt to choose unanimously whom to recommend as the party's official presidential candidate to a full party conference meeting at the end of the month.

But after three months of intensive manoeuvring, the party, which holds majorities in both houses of Congress, is hopelessly split over the candidates.

They include the Bahia governor Mr Waldyr Pires on the left, the veteran party leader Mr Ulysses Guimarães and Parana governor Mr Alvaro Dias in the centre; and Mr Iris Resende, the former Farm Minister, on the right.

Not one, analysts claim, stands a chance of winning. Instead, the party's hopes, already badly undermined by its unpopular links with the government of President José Sarney, lie with Mr Orestes Quercia, the governor of Brazil's most powerful state São Paulo.

But so far, Mr Quercia has played a brilliant waiting game, insisting that he is not running and pledging support to the PMDB's grand old man and "unity" candidate, Mr Guimarães.

The more independent commentators and party grandees have emphasised that only the São Paulo governor can defeat the strong candidates of the left-wing parties - Mr Leonel Brizola and Mr Luis Inacio Lula da Silva - the more Mr Quercia has demurred.

Finally, Mr Quercia is said to have agreed to stand. But only if his two fiercest enemies, Mr Pires and another north-eastern governor, Mr Miguel Arraes, back his nomination.

These two now have to choose between fielding a strong candidate with a powerful political machine and substantial private funds or backing a loser and facing the wrath of the party.

Mr Arraes, who regards the São Paulo governor as a cynical conservative, is famous for saying it would be better to lose with Mr Guimarães than win with Mr Quercia. But he will be under strong pressure to give way from powerful interests anxious to cling to power.

Chile strike only partial success for unions

By Barbara Durr in Santiago

A 24-hour general strike called by Chile's largest labour confederation, the Central Unica de Trabajadores (CUT), appears to have been only partially successful.

In the capital most shops and restaurants were open and banks were operating normally. Transport, however, was visibly diminished, with some 25 per cent of buses absent and road traffic thin.

Labour leaders reported that 50 per cent of the workforce at some factories was striking.

The strike was to press for the release of two CUT leaders from internal banishment and for the reversal or ending of privatisation of state companies.

The CUT also demanded a higher minimum wage and the rehiring of workers allegedly sacked because of voting against General Augusto Pinochet in last October's plebiscite.

A series of bombings on Sunday and Monday nights, which injured two people and caused a brief blackout in Santiago, were denounced by the government as intimidation tactics to force workers to adhere to the strike.

The government has suggested that communists are behind the labour action. Mr Gonzalo Garcia, Deputy Minister of the Interior, urged condemnation of "those movements that attempt to hurt the country's development and provoke violence and damage."

Political advance in a fiscal jungle

Peter Riddell analyses Bush's outline budget deal with Congress

S ELDOM can an agreement between an administration and Congress have received such a lukewarm reception as the outline budget deal announced in the spring sun of the White House Rose Garden last Friday by President George Bush.

"Minimalist", "lowest common denominator", "see us through the night", are some of the descriptions used even by those who attended the ceremony. And two key participants crucial to the implementation - Senator Lloyd Bentsen and Representative Dan Rostenkowski, the chairman of the Senate and House tax-writing committees - stayed away from the Rose Garden because of their doubts.

It is easy to dismiss the agreement as "blue smoke and mirrors", or, in Senator Lloyd Bentsen's view, "marginal". Yet there are pluses, even if they are more political than economic. The fact that a deal was announced in mid-April is in itself a striking contrast with the confrontations and last-minute, late summer deals of the Ronald Reagan years.

Bipartisanship can be an empty slogan, enabling all the participants to feel comfortable and paper over the cracks. But it underlines a common view of the problem, even if not the political will, yet, to solve it. Government in Washington is now by co-operation, rather than grand gestures.

Without the pressures induced by a crisis, the results are undramatic. Mr Richard Darman, the Budget Director, summed up the Administration's gradualism in claiming



Dan Rostenkowski (left) and Lloyd Bentsen: absent from the unveiling of the budget deal

that the deficit could only be tackled by "manageable steps, not with giant steps all at once".

But does the deal represent a step forward? The figures for overall spending will be incorporated in the outline budget resolutions about to be set by the Senate and House, and congressional leaders agreed with the overall revenue figures, if not the details. This should exercise a downward pressure on the deficit.

Beyond this the shortcomings of the deal are all too apparent. The biggest questions arise on the revenue side. Some \$5.3bn is expected to come from new tax revenue, almost entirely from the initial boost to receipts produced by cutting capital gains tax.

Whether or not this estimate is right, this proposal has been

unambiguously rejected by Democratic leaders, though the Administration still talks lamely about winning over Congress. Minor alternatives have already been raised, such as extending the excise tax on airline tickets, but any solution is likely to be fudged as long as the President's pledge of no new taxes remains.

The outcome for fiscal 1990, starting this October, depends both on what the appropriation committees decide this summer on detailed spending and on the revised economic forecasts in August which will indicate how much more needs to be done to reduce the deficit below the statutory Gramm-Rudman target of \$100bn. Since there is anyway a \$10bn leeway and the Administration's forecasts will probably be as optimistic as always, it may be

possible to give the appearance of meeting the target without too much trouble.

What happens in practice could be very different. The deficit in the current fiscal year is likely to be at least \$180bn to \$170bn and you have to have great faith in the \$40bn of extra revenue produced next year by economic growth expected by the Administration, or the \$230bn of spending savings and added tax receipts agreed last Friday, to believe that the deficit for fiscal 1990 will be much below \$130bn to \$140bn at best.

Fiscal 1991, with a \$64bn Gramm-Rudman target, will be even more difficult. Senator George Mitchell, the Democratic Majority leader, has said talks with the Administration on that year will start immediately, and tax increases will be "inevitable" then. The Administration is not yet prepared to concede that publicly.

Meanwhile, administration officials are winking in the wind to believe that the current deal will of itself be sufficient to produce lower interest rates. It falls well short of the objective of a multi-year deficit reduction package set by President Bush in February and regarded by Mr Alan Greenspan, chairman of the Federal Reserve, as the key to market credibility.

Describing the agreement as the "best in the circumstances", Congressman Lee Hamilton, chairman of the joint economic committee, yesterday summed up a widespread feeling when he said: "We are eroding the strength of the economy while we put off serious deficit reduction."

World Bank warns over funds for debt reduction

THE chief economist of the World Bank, Mr Stanley Fischer, said yesterday the resources envisaged by the US administration to facilitate debt reduction would probably be insufficient to achieve a 20 per cent lowering of debt burdens, Reuter reports from Washington.

As Mexico and its leading commercial bank creditors start talks today in New York on an agreement expected to be the first to incorporate the US proposals, Mr Fischer told a conference that the goal of cutting the foreign bank debt of 39 countries by 20 per cent over three years was "a little on the high side" given the funds earmarked to date.

Informal administration estimates have suggested 20 per

cent debt and debt service reduction would be achievable over the next three years.

Mr Fischer said the International Monetary Fund would devote \$7bn and the World Bank \$5bn to finance reduction of principal as well as \$6bn each over three years to support interest payments. On top of this, Japan has pledged \$4.5bn but has not said whether this would be additional to its normal foreign aid, he said.

To make the debt reduction plan work, commercial banks would have to provide extra money, which raises the crucial question of the attitude that the US Treasury and other authorities will take during the bargaining process between debtors and their creditors.

Peru municipal polling date set

President Alan Garcia of Peru has announced that nationwide municipal elections will be held in Peru's 181 provinces and 776 districts on November 12. Veronica Baruffali reports from Lima.

Last week it was announced that the presidential election had been brought forward a month to March next year. This is to guarantee enough time to run a second ballot, if no party obtains a majority in the first round.

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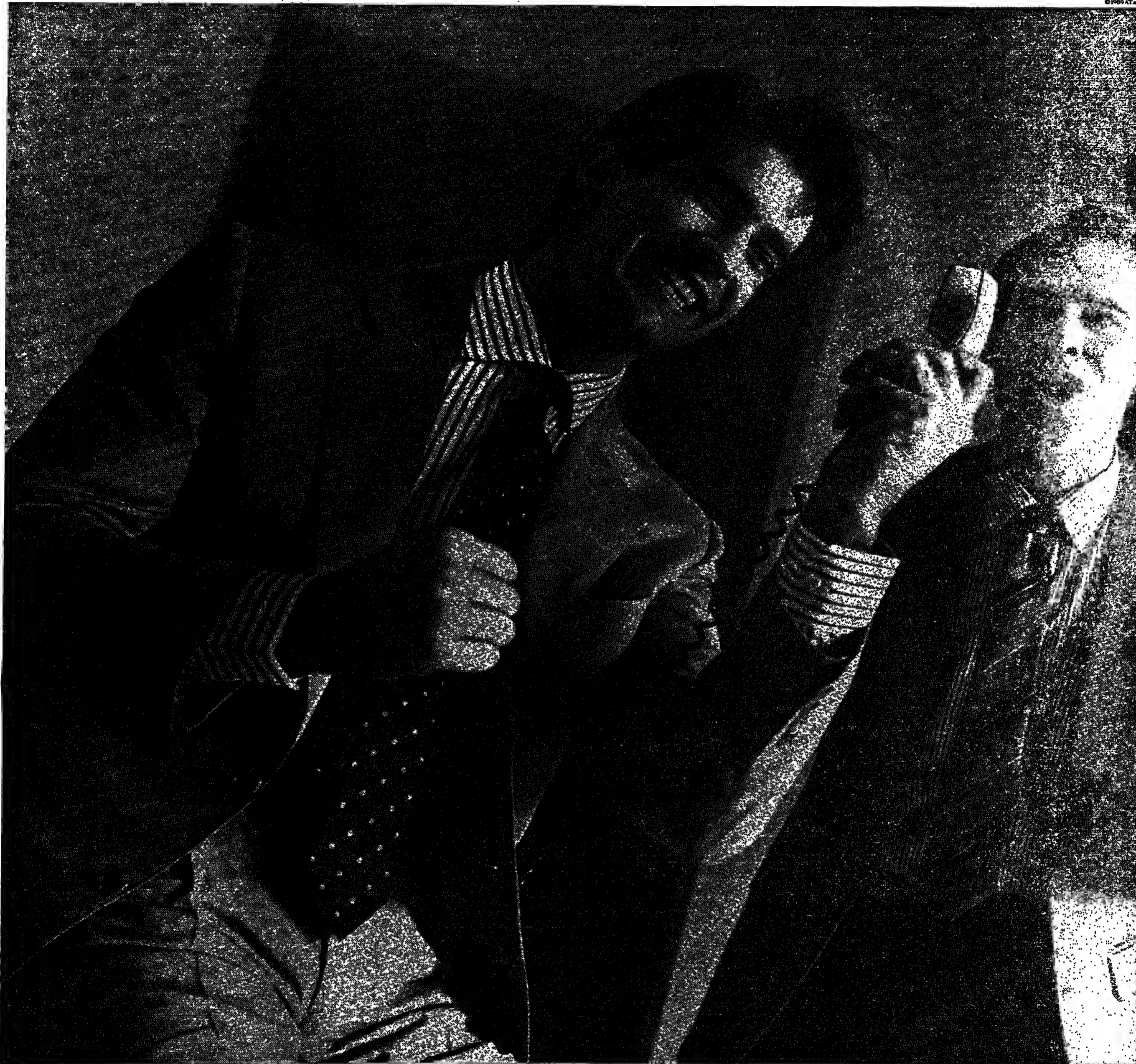
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WORLD TRADE NEWS

Objections raised to Tokuyama bid for Gen Ceramics

By Lionel Barber in Washington

THE Bush Administration has raised objections to a Japanese company's proposed \$89m acquisition of General Ceramics, a New Jersey company involved in nuclear weapons technology.

Call to protect European commercial vehicles

By Kevin Dons, Motor Industry Correspondent, in Turin

MR GIORGIO Garuzzo, chief executive of Iveco of Italy, West Europe's second largest truck maker, yesterday called for temporary protection for the European commercial vehicles industry from the threat of Japanese imports.

GPA becomes 'Boeing of leasing business'

Kieran Cooke looks at the modest operation behind the biggest ever aircraft order

AIRCRAFT orders running into billions of dollars conjure up images of freshly-inked airlines parked on the tarmac, bustling uniformed staff and travel agents 'Fly Me' posters.



Maurice Foley: model manager, not 'aircraft speculator'

The company says it has no trouble financing its purchases. Last week GPA executives were in New York, London and Tokyo giving presentations to various banks and financial institutions.

Japanese in S Korean equipment venture

By Robert Thomson in Tokyo

NACHI-FUJIKOSHI, Japan's leading producer of cutting tools, is today to launch an hydraulic equipment joint venture with Daesung Corporation, a South Korean gas distributor and heavy equipment maker.

Bankers turn to aircraft financing for new business

Operating finance, the technique used by clients of GPA, works much like car hire, with the lessor renting the aircraft for several years, after which ownership reverts to the lessee.

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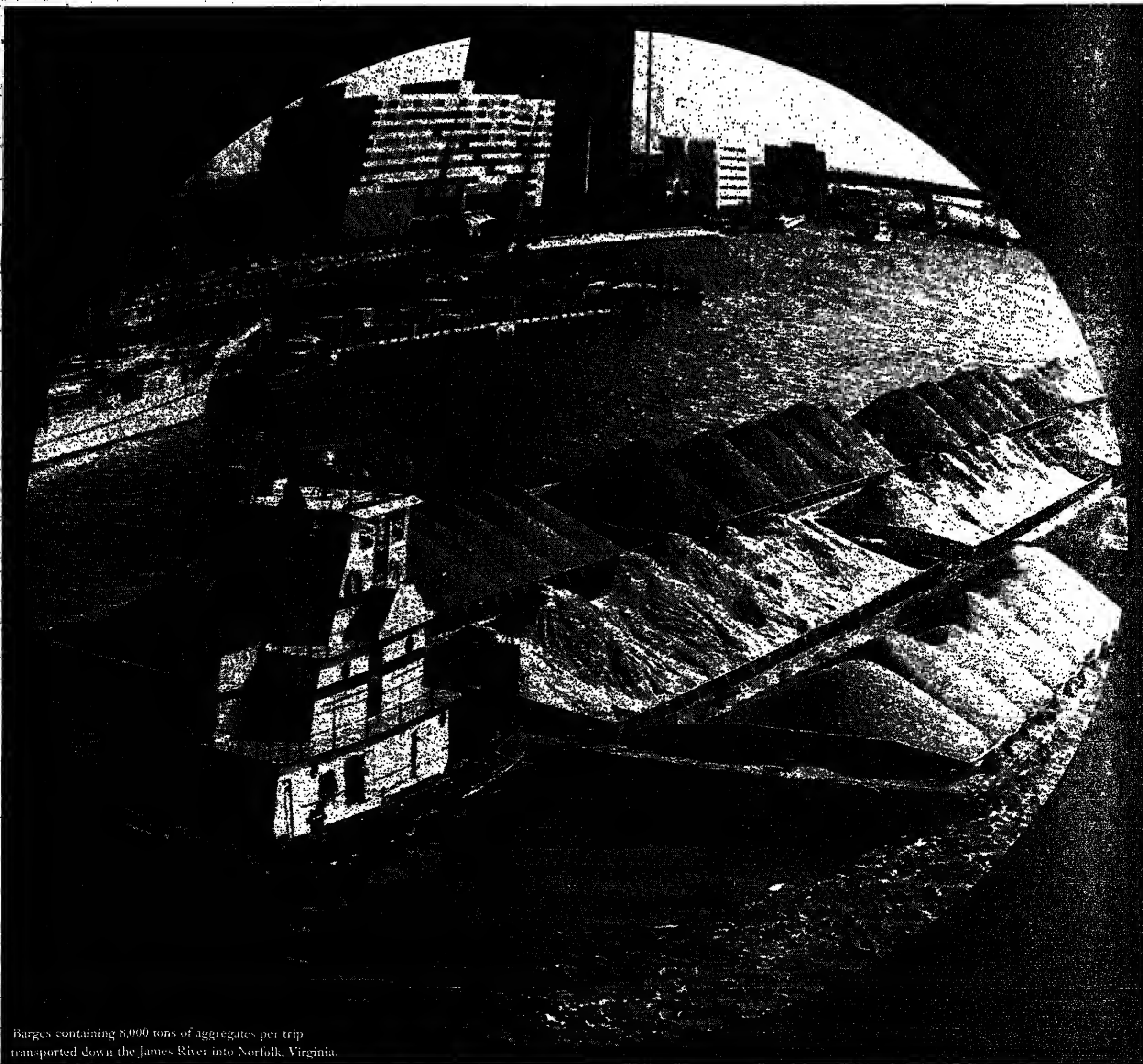
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■ Tarmac America will shortly see the benefits of a \$14 million investment programme at its cement plant at Roanoke in Virginia. The plant is one of the largest in North America and is Virginia's only Portland cement manufacturer. It has reserves of over 200 million tons of limestone - producing over 1 million tons of cement a year.

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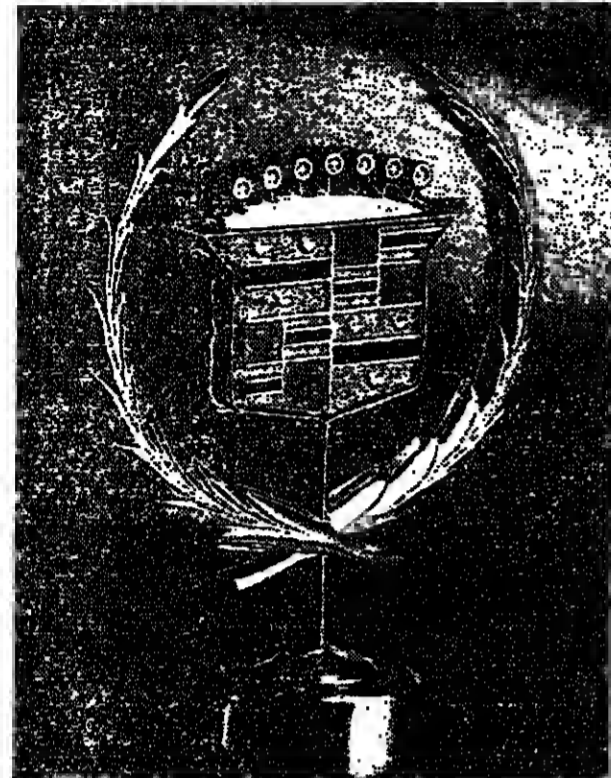
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UK NEWS

EC objections may force changes to water sell-off

By Philip Stephens, Political Editor

THE GOVERNMENT may be forced to amend its legislation privatising the water industry, to defuse objections by the European Commission which still threaten to delay the sale beyond its November target date.

Ministers are considering changes to a key clause in the water bill which, at present, would allow the Government to exempt privatised water companies from prosecution for failing to meet European Community purity standards.

The clause, which the Government insists would only be operated if the companies abide by an agreed timetable to comply with European standards, is designed to reassure potential investors in the industry.

Without such a provision, investors could be deterred from buying shares in companies which faced potential prosecution under EC law for failing to meet the water quality regulations laid out in a 1990 directive.

The Commission, however, has indicated that the Government has no authority to grant exemptions from EC law. Officials in Brussels have pointed out that Britain should have implemented the new standards by 1988 and that they should have already been incorporated into national legislation.

The threat is that if the Government attempted to press ahead with the legislation in its present form, it would face a court challenge in the Euro-

pean Court of Justice. That, in turn, might force a delay to the sale, which would prove a major political embarrassment for the Government and could also wreck the tight timetable already prepared for the sale of the electricity industry.

Ministers are now looking at ways to soften the clause. One suggestion is that exemptions could be granted only if the Commission was satisfied that companies were doing enough to upgrade water purity. The Commission has also made it clear, however, that

even if the clause is changed it will not lift the threat of legal action until it is convinced that the water companies will be able to meet their investment timetable.

Brussels is seriously concerned about how far much of Britain's drinking water falls below the standards laid out in the 1990 directive. The Commission is particularly concerned about the high levels of lead, heavy metals and nitrates in the water.

Yesterday, a Commission official said Brussels had formally warned Britain that there was excessive lead in most of Scotland's drinking water and that nitrate levels in Yorkshire and Norfolk were too high.

Against that background, the Commission will need to be convinced that the privatised companies have sufficient resources to meet the estimated £3bn cost of complying with EC rules.

Earlier this week, several Conservatives in the House of Lords mally warned Britain that the planned sale should be ploughed back into the industry to finance such an investment programme.

Ministers insist there should be little problem in resolving the differences in time to prepare for the planned sale in November.

The Commission, however, is far from sanguine that it will be ready to lift the threat of action in the European Court unless Britain is ready to adopt a more compliant line.

Lourho to face hearing on contempt in Lords

By Raymond Hughes, Law Courts Correspondent

A SPECIAL hearing was announced yesterday to decide whether Lourho, the international trading conglomerate, was guilty of contempt of the House of Lords, the upper chamber of the UK Parliament, in its long-running campaign over the House of Fraser stores group.

A committee of Law Lords - the country's most senior judges - will sit on May 15 to deal with the case which concerns Lourho's bid to force publication of a Government report on the takeover of the House of Fraser group - including the Harrods store - by the Fayed family.

If they find contempt proved and Mr "Tiny" Rowland, Lourho chief executive, could be jailed or fined - or both - and Lourho could be fined.

The form of the proceedings has not yet been decided. The Law Lords may decide the matter is covered by the 1981 Contempt of Court Act. However they may invoke an 1889 resolution of the House of Lords about "Private Solicitation of Members."

Erskine May, the "Bible" of parliamentary procedure, refers in a chapter on Breaches of Privileges and Contempts to a resolution by the Lords on June 6, 1863, that "the private solicitation of Members on matters of judicial proceedings" was a breach of privilege and that it would also be a breach of privilege "to influence them in the discharge of their duties."

It is believed there has never been a contempt case involving the Law Lords based on the resolution. The judicial office at the House of Lords said, yesterday, it had been unable to find a legal precedent this century.

The matter concerns the publication on March 30 of a special issue of the Lourho-owned Observer newspaper containing large extracts from the Government inspectors' report on the 1985 takeover of House of Fraser by the Egyptian Fayed brothers.

Copies of the newspaper were sent to Law Lords due to hear a Lourho appeal.

The question to be dealt with on May 15 will be whether the circumstances of the publication constituted a contempt.

The contempt issue was first raised on Monday last week by Lord Keith, the senior of the five Law Lords who were then due to start hearing Lourho's final appeal. This was for orders requiring Lord Young, the minister responsible for Trade and Industry, whose department wrote the report, to refer the House of Fraser acquisition to the Monopolies and Mergers Commission and to publish its inspectors' report.

Later that day Lourho apologised and said that the copies had been mailed to the Law Lords as a result of "an administrative error."

IRA costs railway £1m

IRA bomb attacks on the cross border rail link between Belfast and Dublin has cost railway companies more than £1m this year, it was revealed yesterday, agencies report.

As the rail link was closed again yesterday after an IRA attack, Northern Ireland Railways said their business had dropped by 30 per cent in the last month.

Mr Tom King, the Secretary of State for Northern Ireland, said the British and Irish Governments would do their utmost to keep the service operating.

An IRA bomb campaign has disrupted services. On Monday two Semtex bombs were defused on the line and two more suspect devices were found yesterday.

Thatcher warning over media

By Raymond Snoddy

MRS Margaret Thatcher, the Prime Minister, gave a warning yesterday that it was the duty of the media to use their freedom responsibly.

She told delegates from 85 nations at the opening of the London Information Forum that this meant respecting the rights and privacy of individuals, respect for fairness and balance and respect for accuracy.

"Lack of respect for any or all of these represents an abuse of the freedom of the media," said Mrs Thatcher at the forum, which is examining freedom of information in light of the Helsinki agreements.

Governments, Mrs Thatcher said, were criticised by those who said no restriction was ever right and by those who wanted to restrict freedom more through censoring a book such as Mr Salman Rushdie's Satanic Verses which had broken no British law.

"This must never be an area where the Government has discretion: it must always act within the law," she said.

The Prime Minister argued that there were times when it was proper for the law to restrict freedom - in cases of national security and to prevent terrorists from using the media to promote their aims.

"I make no apology for measures taken to prevent men of violence using television and the radio to spread fear and create an illusion of authority. Terrorists have no respect for freedom," Mrs Thatcher argued.

The aim of the Forum, Mrs Thatcher said, was to encourage everyone to adopt the basic Helsinki standards for free exchange of information.

Countries which tried to limit access to information did not just fail to live up to their commitments under the Helsinki accords, Mrs Thatcher said, "they condemn their people to lower standards of living and a second-rate existence."

Michael Cassell adds: Mrs

Thatcher is to make another visit to the Soviet Union next summer at the invitation of President Gorbachev.

The offer was extended yesterday to the Prime Minister by Mr Vladimir Petrovsky, the Soviet deputy Foreign Minister, when they met in London at the information forum.

Mrs Thatcher's latest invitation, following her visit to Moscow and Tbilisi in 1987, came only two weeks after President Gorbachev's visit to Britain.

When he left, he made it clear that Mrs Thatcher would again be welcome in the Soviet Union.

The Prime Minister will attend British Week in Kiev in June 1990, although it is also possible that she will visit other cities.

The new invitation will be seen as further evidence of the important role which Mr Gorbachev believes the British leader has to play in improving international relationships.

BNFL fails to reach financial targets

By Steven Butler

BRITISH Nuclear Fuels (BNFL), the state-owned nuclear fuels processing group, has consistently failed to achieve its medium-term financial targets and has not kept pace with the general performance of British industry in recent years, according to a report by the National Audit Office.

The report said, however, the Department of Energy, the principal shareholder in BNFL, had introduced new performance targets in January 1987 and it was hard to evaluate the extent to which the department's objectives for the company were now being achieved.

The report, which covered the financial performance of the company, follows last week's broadly critical report by the House of Commons energy committee, which questioned the large price increases recently imposed by BNFL.

The Auditor General's report highlighted the rising costs and delays of the thermal oxide reprocessing plant at Sellafield, in north west England, and said the plant would have to operate in a more highly competitive environment than was foreseen when the project was planned.

Although the profits and dividends paid since 1981 had increased, BNFL had failed to meet financial targets in four of the past five years. The department attributed that in part to the rising costs of improved nuclear safety.

The Audit Office found little evidence up to 1986 that BNFL had improved efficiency or profitability materially. The company's future success would depend on whether it continued to meet performance targets, after the adoption of a strategy in 1987 aimed at improving efficiency.

Department of Energy Monitoring and Control of British Nuclear Fuels plc Report by the Comptroller and Auditor General, National Audit Office, HMSO, £4.10.

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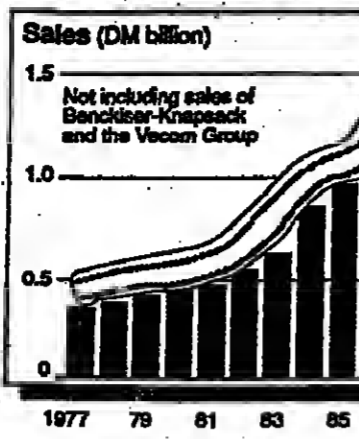
MANAGEMENT

When Johann Adam Benckiser founded his chemicals company in 1823, BASF, West Germany's biggest chemicals conglomerate and today Benckiser's neighbour in the industrial city of Ludwigshafen on the Rhine, was still an apple in its founder's eye.

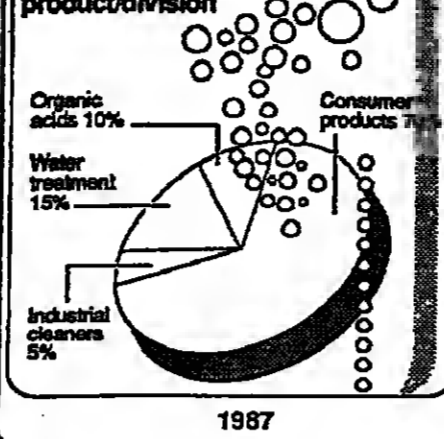


Dr. Peter Hart

Benckiser worldwide



Sales by product/division



A private view of adaptability

Haig Simonian reports on Benckiser, the West German chemicals group that is showing how it can remain competitive without recourse to outside finance

Benckiser has been singled out in the banking community as one of the best examples of a private German company... For some bankers, it is an object lesson to other members of Germany's Mittelstand - the vast number of small and medium sized companies...

European sales network. So when the company decided to change strategies in the 1980s and bring in young outside talent it was a question of "straightforward advantages of scale", says Hart.

Disposals from what Hart describes as a "very, very diversified" group also came fast. Ship cleaning went via a management buy-out for DM 35m; industrial cleaners were bought by Laporte Industries of the UK for DM 95m; and organic acids, Benckiser's original business, was sold to an Austrian group in February, Panigal's food division, which did not fit in with Benckiser's consumer products strategy.

The group had been run on functional lines, while co-ordination of foreign activities had a relatively low priority. "The structure was perfect for a domestic export-oriented company like BASF," the sales of which, like those of Benckiser at the time, were mainly to large clients. But "it was horrible for a business where the value-added came through local distribution and sales," as with high street consumer products, says Hart.

Benckiser's highest single market with around 40 per cent of group sales - together with Switzerland, Germany, Denmark and the UK, as well as group marketing. Hart admits it is a fairly complex structure. Apart from their group responsibilities, "people on the board are also running an individual company every day," he says. That puts a lot of pressure on board members, but "we now think we have what we want."

Forecasting is easy when talking of the present

By Michael Skapinker

"I READ a lot of history," a well-known American consultant told me recently. "I try to keep up with the past." Many people believe in keeping up with the past. They regard it as the most reliable guide to the future. Karl Marx believed that all history was the history of class struggle. His reading of history told him that the workers would overthrow the bourgeoisie state and his bogus liberties and introduce an era of true freedom.

The manual work performed by human beings has been supplemented (through the use of tools, for example), substituted (eg by using tractors for land cultivation) or amplified (eg by using cranes to lift heavy weights). The supplementation, substitution or amplification of manual work by machines was the mark of the industrial revolution. The computer and information revolution is now doing the same for mental work.

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Grid of book covers and descriptions for various investment guides including 'FT Guide to Unit Trusts', 'Investing for Beginners', 'FT Guide to Investment Trusts', 'Private Investor's Ledger', and 'FT Guide to Alternative Investments'.

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STATE LOAN OF THE KINGDOM OF HUNGARY 7 1/2% (Now 2.75 per cent) Sterling Bonds 1924. Includes notice of bond drawing, bond numbers, and details of N.M. Rothschild & Sons Limited.

PERSONAL, LEGAL NOTICES, TRAVEL, and COLOMBIA sections. Includes Geneva Switzerland advertisement, Morning Litho Printers Limited, Club/First Class Overseas, and Colombia survey advertisement.

CJA RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 8PJ
Tel: 01-598 3558 or 01-598 3576
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ASSISTANT DIRECTOR MARKETING MAJOR CORPORATES

CITY £40,000-£45,000 BASE + BONUS + CAR + BANK BENEFITS
A GROWING CORPORATE BANKING DIVISION OF A MAJOR INTERNATIONAL BANK
We invite applications from professional bankers, ideally of graduate calibre, who must have gained around 10 years' relevant banking experience successfully marketing banking products to major corporate clients in UK, Europe and US.

ASSISTANT DIRECTOR MARKETING UK MIDDLE MARKET SECTOR

CITY £35,000-£40,000 BASE + BONUS + CAR + BANK BENEFITS
This same client also seeks applications from candidates with a similar depth of experience and qualities to the above, but from individuals who have directed their marketing efforts towards UK middle market corporates below the top 300 companies.

For both these appointments we are particularly keen to hear from candidates in strict confidence by telephone on 01-628 0969 or alternatively in writing, quoting the appropriate reference number, when your reply will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 8PJ, TELEPHONE: 01-598 3558 or 01-598 3576. TELEFAX: 887374. FAX: 01-256 8501.

Mergers & Acquisitions US Merchant Bank

Our client is a major player in the global corporate finance arena. The mergers and acquisitions division offers a wide range of traditional merchant banking advisory services and is backed by the bank's substantial capital resources.

- Assistant Vice Presidents £40-55,000
Associates Recently Qualified ACAs £25-30,000

For further discussion regarding these positions at this prestigious institution, please call Paul Wilson or Penny Braznah on 01-831 2000 or write to them at Michael Page City, 39-41 Parker Street, London WC2 5LL.

Michael Page City International Recruitment Consultants London Paris Amsterdam Brussels Sydney

Senior Management Roles in Banking Exceptional Growth Prospects

£35,000 to £50,000 plus City

Our client has a successful history in providing financial services, with a special capability in trade financing and asset-backed financing, to a select international clientele. In line with new developments in global strategy the bank is in the process of creating a team of Senior Executives based in the City reporting to the Group Chief Executive Officer to develop and extend the bank's business internationally.

Director Investment Banking £50,000 + with banking benefits

The responsibilities of this key position will be to develop and implement the group's strategy for investments in a selected range of equities and money market instruments. Considerable input into the preparation of strategy is required in addition to a continuing monitoring of the bank's positions and exposures and the identification of investment opportunities world-wide.

Assistant Director Risk Management c.£35,000 to £40,000 with banking benefits

This challenging position takes responsibility for all credit issues on a global basis. This includes the review of all credit requests and the development, implementation and continuous monitoring of all credit processing and analysis procedures and standards world-wide.

Director Financial Institutions c.£40,000 to £50,000 with banking benefits

The overall responsibility of this senior role is to manage the bank's external relationships, specifically with correspondent banks in order to increase and diversify the financial resources available to the group.

Attractive benefits package includes car, pension, health insurance and life cover. Interested candidates should write to Christopher Bainton enclosing their CV and quoting reference MCS/2037 at: Executive Selection Division Price Waterhouse Management Consultants No. 1 London Bridge London SE1 9QL

Price Waterhouse

FUTURES/FX DEALERS

- FUTURES MARKETING OFFICER £50,000 +
FUTURES BROKERS £60,000 +
LIFFE FLOOR MANAGER TO £70,000
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New dynamic company within the multi-financial services sector specialising in futures, options, foreign exchange, bullion, equities, and derivative products. The successful candidate will have proven experience in the major products of the company.

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RATHBONE Traded Options Sales - Equity Sales - Eurobond Sales
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Client Sector: Unit Vendor programme + middle ticket
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Sean Lord
The Rathbone Consultancy
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Head of Investment Management
Citibank in London has established itself as the premier private bank providing international banking and investment services for wealthy individuals around the world.
We are now seeking a senior investment business manager to manage all portfolio management, investment advisory, treasury and fund products for clients of Citibank Private Bank in the UK.
Reporting to the Head of the Private Bank in London, this is one of the most visible and prestigious jobs in the Europe, Middle East and Africa Division. You will assume a key role as a member of the Divisional Asset Allocation Committee and manage a large staff of top-notch investment and support professionals. In addition, you will take responsibility for a range of product development and management activities.
The successful applicant will have a broad experience in international fund management, ideally for private clients, but possibly for institutional clients. People management skills, imagination and proven creativity in product development will be highly prized attributes.
The position carries an attractive and competitive salary, with full banking benefits. Please send your CV - with full details of current salary and day-time telephone number - to Derek Froud, Private Banking Group, Citibank NA, 41 Berkeley Square, London W1X 6NA.
We are an equal opportunity employer.
CITICORP CITIBANK

An opportunity to create a quality presence in broking throughout the Far East. At least two years experience in broking is essential. Currency Options experience preferred. Must be self motivated and exhibit leadership qualities. Territory covered includes market-makers and market-users in Australia, Singapore, Hong Kong, Japan and Korea. Willingness to travel extensively is essential. The package offered will be very attractive for the right candidate.
All enquiries will be treated in strictest confidence, and should be addressed to Box A1211, Financial Times, One Southwark Bridge, London SE1 9HL.

PORTFOLIO SELECTION TECHNIQUES, PARIS.

£20-25K pa
+ Banking
Benefits
+ Bonus
+ Relocation

Research and Methods Analyst

Lightly Experienced, about 2 yrs.

Our client is a leading French Bank with an impressive global network. The bank is innovative, its management structure is cosmopolitan, domestically its competitors find it hard to ignore. To improve its equity fund management the bank wants to develop programmed methods of equity selection valid in all world markets; its existing funds under management are very widely spread. You should be a graduate with a degree in a relevant discipline, such as finance or accountancy preferably with a background in economics. Ideally your course should have included modern portfolio techniques, such as beta analysis and its subsequent use in portfolio selection. You should be computer literate: able to translate fund management techniques into systems and strategies that will update and extend existing methods, and integrate these into the fund management team. You should be able to speak French. The right qualities of personality are always important, particularly in this case: in time the successful applicant is likely to be managing an influential department. You will be aware that you have a good empathy for detail and should enjoy achieving though careful consideration and analysis. You will also be aware that it is important to innovate and press for results: you should have the willpower to make your opinions felt with your peers. Paris has some unique attractions: accommodation is inexpensive, the City is particularly beautiful and there are some advantages for career development that would be hard to find in London. Please telephone Luci de Nordwall or send/fax a CV to her. All enquiries dealt with in confidence.

Recruitment Matters Ltd.
 15 Great Eastern Street · London EC2A 3EJ
01 - 377 1600

Fax No. 377 1801

Project Finance Manager

London

This major UK Plc, a market leader in the telecommunications industry is involved in a wide variety of multi-million pound contracts often involving joint ventures in the UK and internationally. They now wish to strengthen the management of major contracts by establishing a project finance function which will be part of the Treasury unit within Group Finance. As Head of Project Finance you will work closely with the operating divisions and be involved in the financial aspects of major projects at all stages from bidding through to completion. This will include devising appropriate financing structures and developing contacts with banks and other financial institutions.

£45,000-£50,000 + Car

Aged 33-40 you are a graduate with substantial project finance experience gained either within a major corporate or bank, ideally involving a range of countries and project types. Numerate and analytical you have excellent interpersonal skills and command respect with both operating management and joint venture partners.

Interested applicants should write enclosing career and salary details, quoting Ref: 322, to Alison McKie, Whitehead Rice, 43 Welbeck Street, London W1M 7PG. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

DRUCE

CREDIT CONTROL MANAGER REQUIRED FOR MAJOR LONDON ESTATE AGENTS

Preferably a member of the Institute of Credit & Management aged 28 - 35 with a minimum of 5 years' experience.

Reporting directly to the Chief Executive, the successful applicant must have comprehensive knowledge of relevant aspects of litigation and an ability to liaise with people at all levels.

Substantial salary, car and usual benefits
 Please reply with full C.V. to A B Crabtree
 Druce, 21 Manchester Square
 LONDON W1A 2DD
 TEL NO. 01-486 1252, FAX NO. 01 486 9366

MICHELANGELO

TREASURY SALES £35,000
 A major International Merchant Bank with a substantial London presence would like to meet you if you have at least 3 years proven success in Treasury Sales to UK or Scandinavian Corporate Clients. Your background should include FRAX, IRS's, Futures/Options, and other FX derivative products. Outstanding prospects for the right person.

SENIOR FX SPOT DEALER To £40,000+ + Bens
 A prestigious International Bank - a major name in the Foreign Exchange Market - is seeking a top quality Spot Dealer. Suitable candidates will have not less than 4 years continuous trading experience in major currencies.

CANADIAN BOND SALES To £50,000
 A major International Institution with an enviable reputation in the Bonds Market requires 2 Bonds Sales people. You will have between 3 and 5 years proven successful experience in selling Eurobonds to UK or Benelux Institutions.

ITALIAN BOND SALES Self Negotiable
 A highly reputable Japanese Institution is seeking a high calibre Eurobonds sales person, who must be fluent in Italian and have at least 2 years relevant and successful experience from a known house. Excellent salary and benefits package commensurate with age and experience.

CHIEF BULLION DEALER £30+ Car + Bens
 Our Client, an aggressive known brokerage house, requires a young and highly motivated Chief Bullion Dealer. Extremely strong knowledge and experience of Physicals and EFP's in Gold and Silver are a definite prerequisite, while Platinum and Palladium experience would be useful. The successful candidate will have a good client base and marketing background to develop new business whilst continuing to service the existing customer base.

INTERNATIONAL EQUITIES To £50,000
 Trading/Fund Management
 This is an unusual opportunity within a major International Investment Bank to combine the roles of Trading and Fund Management. You will be dealing with the Bank's own book rather than with client funds and will undertake your own research. Substantial experience of International Equities, especially the use of Futures and Options, is a prerequisite and only applicants of the highest calibre need apply.

Please contact Oliver Wells,
 Andrew Bartlett or Mike Doran
MICHELANGELO RECRUITMENT
 The Hop Exchange,
 24 Southwick Street, London SE1 1TY
 Telephone: 01-483 4645, Fax: 01-578 6958

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SALES EXECUTIVE

HIGH BASIC, OTE 35K+ WITH CAR

It's rare to find a company that has achieved technological creativity and real product originality. But that's exactly what this company has done in the exciting field of information technology by producing a system which is unique in its application. It's a financial information system which is already revolutionising investment practice in the United States and is now doing the same in Europe and the Far East.

The company, which is part of a large and successful international group has a subsidiary in the UK with a dynamic team based in London. They now need to expand and must appoint an experienced Sales Executive of graduate calibre.

You will be selling an outstanding user friendly system which exploits state-of-the-art techniques. Experience in the financial sector and a proven track record in a sales capacity are essential. Whilst experience in the sales environment of a financial information company would be advantageous, your initiative, drive and dedication will be crucial. Dealing with city professionals, the job demands a credible, presentable and articulate person who can develop empathy with the customers. The job also involves significant European travel.

All candidates should reply with a full C.V. in strict confidence to:
 Hugh Byrne, European Sales Manager, Thomson Financial Networks, Centre Points, 103 New Oxford Street, London, WC1A 1DD

Investment Manager

- Private Banking

SYDNEY BASED

Citicorp's Private Bank in Sydney is expanding the range of services offered to wealthy entrepreneurs in Australia and New Zealand. As a result we are now looking for an Investment Management Head to manage the development of the Private Bank's international securities business there.

The successful applicant will play a critical part in identifying clients for investment management products and take full responsibility for product management and delivery. This will include training relationship managers in Australia and around the world to enable them to market investment management services. For key clients you will act as principal relationship manager. You will also manage an existing non-discretionary transaction unit.

This is a new position, reporting directly to the Private Bank business head for Australasia. We are looking for someone with an extensive knowledge of the international securities market and experience in portfolio management and asset allocation for high-net-worth individuals. You should also be able to demonstrate proven marketing and people management skills.

In return, we offer a generous package, together with full relocation allowances. If interested, please send your CV, with details of current salary and benefits to Derek Froud, Private Banking Group, Citicorp NA, 41 Berkeley Square, London W1X 6NA.

We are an equal opportunity employer.

CITICORP CITIBANK

PCFC

THE POLYTECHNICS & COLLEGES FUNDING COUNCIL

DIRECTOR OF PROGRAMMES

The Director is part of the senior management team and is responsible to the Chief Executive for:

- liaison with the heads of polytechnics and colleges on their plans and funding proposals
- policy development in the academic programmes and such major issues as access and continuing education
- the structure and rationalisation of the sector
- the assessment of capital expenditure plans.

The Director leads a group of 40 staff drawn from a range of educational and other backgrounds.

You should have substantial management experience and an excellent record of leadership at a high level. This could be achieved in any area, and senior experience in higher education is not essential although desirable. You should be able to develop and communicate a vision of the future of higher education.

The salary is negotiable in the region of £40,000.
 If you would like more details, please contact:
 Rhodri Phillips, Secretary to the Council, at
 Metropolis House,
 22 Percy Street
 London
 W1P 9FF
 Tel 01-637 1132

The closing date for applications is 12 May.

Financial Institution SOFTWARE SALES

To £60,000 P.A.

Sendoro Corporation is the largest Software company in the world solely dedicated to providing tools for measuring and managing interest Rate Risk at the Balance Sheet Level.

We are currently seeking an extremely professional, highly motivated Sales person in our London office. This person will be responsible for the complete Sales Cycle and be willing to travel throughout Europe.

The successful candidate will have three to five years sales experience with a proven track record selling to Senior Management within the Financial community. He/She will be currently selling products which relate to measuring or management interest Rate Risk. A clear thinking person with the ability to communicate effectively is essential.

We offer an excellent working environment and very attractive compensation package which the right candidate would require.

In the first instance, please forward your complete career details to:
 Mr Gary Markle, Managing Director,
 Sendoro Corporation,
 27 Kelso Place, London W8 5QG.

EUROPEAN CORPORATE BANKING

Our European Corporate Banking business continues to expand and we now seek a number of individuals to join us in this particularly exciting area of our operations leading to the Single European Market in 1992.


You will need to have strong analytical skills combined with some marketing experience gained in a European Corporate Finance environment offering a wide range of financial services.

Probably degree qualified, you should be computer literate with fluency in another European language an asset.

The positions offered will appeal to those individuals seeking a challenging international environment offering career prospects and rewards fully in line with their abilities.

Initial salaries are open to negotiation with benefits appropriate to a leading international bank.

Please write in the first instance with full personal and career details to:
 Karen Petersen, Personnel, The Bank of Nova Scotia, 33 Finsbury Square, London EC2A 1BB.

 **Scotiabank**

EQUITY SALES/RESEARCH

Head of U.K. Sales

<p>SALES</p> <ul style="list-style-type: none"> Investment Trust Sector Sales Continental Equity Sales to U.K. U.K. Equity Sales to Europe U.K. Equity Sales to Japan - Tokyo Oil Sector Sales Luxury Sector Sales 'Special Situations' Sales Financial Sector Sales U.K. Trade Option Sales U.K. Domestic Convertible Sales Warrant/Equity Sales Japanese Equity Warrant Sales Eurobond Sales 	<p>RESEARCH</p> <ul style="list-style-type: none"> Investment Trusts Financials Insurance Leisure Property Oil European Equity Research Building Construction Food Retail Manufacturing
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CORPORATE FINANCE

C.F. Technicians (U.K. + Europe)
 C.F. Executive (A.C.A.S.)

**CAPITAL MARKETS
BOND SALES**

Eurobond Business Analyst
 Gen. S. Sales with knowledge of other currencies
 All currencies to German Institutions
 Eurobond Sales

<p>SWAPS</p> <ul style="list-style-type: none"> Structurals Marketers 	<p>TRADERS</p> <ul style="list-style-type: none"> 3 Straight Trader Eurobond Trader Currency Options Traders
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For further details on these and other opportunities please contact
 Sean Lord, The Rathbone Consultancy, Premier House,
 77 Oxford Street, London W1R 1RB. Telephone (01) 439 1188.

CITY OPPORTUNITIES WITH JAC

WARRANTS TRADERS £20 - 35K

We currently have 3 openings for Warrant Traders with well known institutions. A minimum of 2 years experience is necessary for you to take advantage of these exciting openings.

EURO SYNDICATED LOANS MARKETING OFFICER ENEG

A renowned finance house in the City urgently require an ESL Marketing Officer to market and arrange these loans. The successful candidate will have at least 3 years of experience in this field and be aged up to 35.

If you have the necessary drive and experience for these positions please contact David Hill, JAC, 31 Dumfries House, Fredericka Place EC2A 8AF OR Telephone 796 4615

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التجارة الدولية

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The London subsidiary of international bank is seeking a Senior Fixed Income Investment Analyst/Strategist, covering the international Bond Markets. The successful applicant will be a graduate with a business degree and be computer literate.

A prominent international bank is seeking specialists in their late 20's, fluent in Foreign Exchange Futures/Options, to join their Marketing Group. Successful applicants are likely to be registered with the Chicago/Philadelphia Exchanges. One to develop and build business (both cash and O.T.C.) including corporate and fund management, the other to service and trade for institutional clients.

OTHER FIRST CLASS OPPORTUNITIES IN THE FOLLOWING:-

TRADER: Fr. Fr/OATs. Fluent French. Trading large in-house accounts (Futures)

SALES: French National with good client base selling multi-currency into Paris.

SALES: Specialist in Yen, selling to central banks in Europe

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Whitehead Mann is one of the leading British-owned executive search consultancies. It is also part of the Ward Howell International Group of executive search firms which gives it a presence in 20 countries around the world. An increasing part of its work relates to international search assignments. An opportunity has arisen to join our rapidly expanding Financial Services business. He/she must be a self-starter, willing to take early responsibility in a demanding and results-oriented working environment. Financial services and/or executive search experience is essential. Preferred age 24/30; graduate.

Please write with full details to:
Anne Peach,
Whitehead Mann Limited,
44 Welbeck Street, London W1M 7HF
Telephone: 01-935 8978

European Analyst
£30,000

We're looking for an Analyst to provide market, company and economic research on German institutions, across all industrial sectors, and by establishing and developing contacts, assess their investment potential.

Along with providing detailed advice to company sales executives and clients, you'll address a wide audience on related topics through regular in-house and client publications.

Of particular interest will be legal implications of issues including take overs and leveraged buy-outs. You should come with a legal degree and specialist knowledge of European, English and US law. Send a full CV to Corinne Long, Personnel Officer, Scrimgeour Vickers, Cottons Centre, Hays Lane, London SE1 2QT.

CITICORP SCRIMGEOUR VICKERS

MARKETING V.P. £40,000+
London Branch of major US Banking Corporation seeks a specialist to market the bank's Project/Export Finance capabilities throughout Europe involving a considerable amount of international travel. A full understanding of off-balance sheet lending sought along with strong technical skills to structure multi-product deals.

ACCOUNT MANAGER £30,000+
Triple A rated international Bank seeks quality expansion in the multi-currency corporate market. If you are currently involved in new business acquisition and possess strong credit analysis skills, you can anticipate challenging diversity in terms of deal type and industries addressed.

CREDIT ANALYST £25,000
European & Middle Eastern Corporate division of leading US Investment Bank seeks a highly effective individual to undertake full credit analysis of major corporates, reporting directly to New York. Essential requirements include a formal credit training, banking experience and resilience. Languages and computer literacy advantageous, together with self-motivation to progress onto Corporate Marketing.

Applications in strict confidence to:
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Bell Court House, 11 Blomfield St,
London EC2M 2AY
Tel: 01-638 5286. Fax: 01-582 9412.

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APPOINTMENTS WANTED

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male, mid-20s, energetic, high-achieving graduate seeks new exciting challenge. Currently manager in a US investment bank. Responsive appearance, strong/effective presence, innate business acumen with extensive experience. Ideal candidate for progressive management role and your business development.

Write Box A1213, Financial Times, One South Colindale Avenue, London SE1 7NL.

THE BANK OF N.T. BUTTERFIELD & SON LTD.

The Bank of Butterfield is a prestigious organisation located in Bermuda and other major financial centres, offering a wide range of services to its clients. Due to expansion, we are seeking a Trust Executive to manage the administration and operation of the Bank's Trust Company.

Trust Executive

The ideal candidate will be a mature and seasoned administrator having a minimum of two years' experience at the executive management level in a large trust company. The successful candidate will have a broad knowledge of all aspects of trust, securities and custodial functions as well as a proven record of successful management of such operations.

We offer a tax-free environment in one of the most beautiful resorts in the world. Salary is payable in Bermuda Dollars at par with the US Dollar. Hospital and medical insurance, air-fare and full benefits package is included.

Applications, with curriculum vitae, should be sent in complete confidence to:
Michael J. Burco, Manager - Personnel & Administration,
The Bank of N.T. Butterfield & Son Ltd.,
P. O. Box HM 195, Hamilton HM AX, BERMUDA.

INTERNATIONAL APPOINTMENTS

THE NEW ZEALAND TREASURY

ECONOMIC AND FINANCIAL ANALYSTS

THE CHALLENGE

The Treasury provides independent advice to the Minister of Finance on the economic and financial implications of policies and proposals. Our brief covers both the economy and the community at large. We also have responsibility for the Government's budget process and associated accounting and reporting functions. Treasury plays a major advisory role in the development of economic policy, being closely involved in the reform of:

- The financial sector - Taxation - The structure of Government-owned business enterprises, including privatisation - Social policy and income distribution - Regulatory reform and trade liberalisation - Public sector management, including financial management - Resource management.

We have openings for highly competent economic, financial and tax analysts, with experience in corporate finance and advisory areas. Women and men with good honours degrees (especially in economics with accounting and law), a proven record of achievement in public policy, commercial, research or academic areas, and good communication skills, are now invited to apply for these positions. The appointees will be based in Wellington, New Zealand's administrative and financial capital.

THE REWARD

These openings offer a rare opportunity for direct participation in public policy design, implementation and advice.

All appointments carry significant responsibility in a performance-orientated work environment where lively debate and internal discussion are all part of the development of analysis and advice. A competitive remuneration package is offered, together with relocation expenses. Permanent positions as well as fixed term contracts are available. The Treasury offers a stimulating and challenging career path with good prospects for performance-based promotion in either advisory or managerial positions.

APPLICATIONS

For further information contact John Whitehead, The New Zealand High Commission, New Zealand House, Haymarket, London SW1Y 4TQ. Telephone collect (01) 930-8422, or Derek Gill, New Zealand Embassy, 37 Observatory Circle, N.W. Washington DC 2008, USA. Telephone collect (202) 328-4800.

Further enquiries and applications should be directed to Heather Kizito, The Treasury, P.O. Box 3724, Wellington, New Zealand. Telephone collect (0064) 4 722-733 ext 8227 or fax (0064) 4 730-982.

Please enclose a curriculum vitae, two passport size photographs, and the names of two professional referees who can be approached initially. All applications will be treated in strict confidence and no approach will be made to present employers without permission of the applicant. Applications should reach Treasury by 5 May 1989.

The Treasury has an Equal Employment Opportunity Policy.

SELECTEAM

Nous sommes un groupe international spécialisé dans le négoce des métaux. Notre réputation est solidement ancrée sur le marché mondial où nous sommes partout présents. Pour l'une de nos sociétés, à Paris, nous recherchons un

Trader
Matières Premières/Minerais/Métaux Non Ferreux

Votre tâche de négociant consistera à acheter et à vendre sur les marchés mondiaux et à vous occuper de notre clientèle. Vous devez donc être apte à suivre l'évolution du marché et à en voir immédiatement la transposition stratégique.

Vous avez une expérience sérieuse dans notre métier, le sens du négoce et le goût des affaires internationales. Il est évident que vous parlez parfaitement l'anglais. Votre engagement et vos capacités se verront récompensés par des possibilités de carrière intéressantes dans la société comme dans le groupe.

Merci d'adresser votre dossier complet à notre conseil Marie Praml-Lotte qui vous garantit la plus stricte confidentialité

SELECTEAM Hansa Allee 197 D-4000 Dusseldorf 11-Tel: 0211/591065

APPOINTMENTS

ADVERTISING
Appears every Wednesday and Thursday for further information call 01-873 3000

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

Patrick Sherriff ext 4627

GENERAL MANAGER FINANCE New Zealand

Our client Challenge Properties Limited, is a property development and investment company engaged in prime retail and commercial projects. It is wholly owned by Fletcher Challenge Limited, New Zealand's largest listed company, is trading profitably and has a sound professional and financial reputation.

Challenge Properties has an excellent mix of local and overseas experience and pursues a philosophy of ensuring that its people keep up with the best overseas trends in property development, construction and management.

It is strengthening its management with experienced people from New Zealand and overseas and is now seeking applications for a General Manager Finance based in Auckland and reporting to the Managing Director. The General Manager Finance will join the company's Executive Committee and will be exposed to all facets of group operations.

The person will be expected to lead a finance, accounting and administration function which fully complements the group's business strategies. This will call for a high level of support to the Managing Director on financial issues, a key role in ensuring that funding requirements are met, and professionally representing the group in significant and complex negotiations.

An attractive salary package and reimbursement of relocation costs will be offered.

Applications with curriculum vitae should be forwarded to the consultant advising Challenge Properties:-

Alasdair Hislop
Spencer Stuart & Associates
G.P.O. Box 3905
Sydney N.S.W. 2001
Australia

Applications will close on Friday, 12th May, 1989.

FT LAW REPORTS

No corporation tax for mining finance company

COLLARD v MINING & INDUSTRIAL HOLDINGS LTD
House of Lords (Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Oliver of Aylmer, Lord Jauncey of Tullichettle and Lord Lowry) April 13 1989

Mr Park for the company acknowledged that he could think of no readily conceivable circumstances in which that would be to a taxpayer's advantage.

That curious circumstance was the foundation of the Crown's argument.

The Crown's calculation was based on the contention that section 505 in the legislation was a provision that for ascertaining the section 505 ceiling for double taxation relief, any advance corporation tax paid by the company was attributed to income in respect of which double taxation relief was available *pro rata* in the proportion that that income bore to the total income.

The Crown submitted first, that reading section 100 as a whole, one could discern a necessary implication of *pro rata* allocation and reduction, amounting in effect to express enactment.

Secondly it was said that subsection(6) assumed a position had been created in which the allocation of advance corporation tax had reduced the section 505 ceiling and was intended to confer on the company the option to improve that position by making a reallocation.

It was said that the legislature by an oversight omitted to create the position, and the court must therefore construe the Act by reading in the words that it forgot to include.

The logical or rational justification for that was said to be (a) that it was the only way in which any sensible purpose could be attributed to section 100(6); and (b) that if such an implication was not made, the result could be that by global application of advance corporation tax credit against global income, after crediting double taxation relief to the maximum extent permissible, the company escaped corporation tax altogether on its non-doubly-taxed income.

The structure and language of the legislation led to the opposite conclusion. They pointed strongly to the conclusion that the deduction of double taxation relief was intended to precede the set-off of advance corporation tax.

Section 100(6) dealt not with how the set-off was to be made, but with ascertainment of the ceiling for purposes of section 505 of the 1970 Act.

It seemed plain from the words of section 501 that what the double taxation relief was to be credited against was the company's potential liability to pay corporation tax - the amount "so chargeable shall be reduced."

In section 505 the "corporation tax attributable" to the foreign income obviously had to be ascertained before the double taxation relief deduction. Section 55, dealing with set-off of advance corporation tax, clearly referred to a liability to pay which had been finally ascertained, and to global liability ("any income charged to corporation tax") which was to be "discharged" to a corresponding amount.

There was no context, apart from such implication as could be derived from section 100(6), for reading "corporation tax attributable to any income" as meaning anything different in section 100 from the same expression used in section 505 in tax which would become chargeable before deductions or set-offs.

The result sought by the Crown would involve the wholesale redrafting of subsection (9) so as to include double taxation relief in the total outstanding corporation tax liability after crediting double taxation relief was £756,773. Against that could be set off the advance corporation tax already paid. The company's liability was thus reduced to nil.

The Crown contended that double taxation relief had to be ascertained after crediting advance corporation tax. On that footing the maximum advance corporation tax to be credited against the non-doubly taxed income was £324,722 so that there remained an outstanding unrelieved liability for corporation tax of £254,137.

Section 497 of the Income and Corporation Taxes Act 1970 gave effect to arrangements for foreign income tax to be allowed against corporation tax in respect of any income. It provided that the foreign tax should be credited against UK tax.

Section 501(1) provided that where credit was to be allowed against UK income tax, the amount of UK tax "so chargeable shall be reduced by the amount of credit."

A ceiling was imposed by section 505 on the amount of credit for foreign tax to be allowed against corporation tax in respect of any income. It was not to exceed the corporation tax attributable to that income.

Section 85 of the 1972 Act provided that advance corporation tax paid by a company should be set against its liability to corporation tax "on any income charged to corporation tax . . . and shall accordingly discharge a corresponding amount of that liability."

By section 100(6) of the 1972 Act, a company could apparently vary the amount available for double taxation relief credit, by allocating advance corporation tax to any source of income it chose.

But the effect of section 100(6)(b) was that such allocation could only reduce the tax relief ceiling.

The appeal was dismissed. Their Lordships agreed.

Rachel Davies
Barrister

TECHNOLOGY

In an ideal world, the telephone system would allow people to contact each other whenever they wanted to. But in practice, phones are often extremely frustrating.

You cannot get hold of people and they cannot get hold of you. On top of this, you have little control over who uses your phone, with the result that unsupervised children, employees and guests can land you with large bills.

These frustrations arise because today's telecommunications networks are dumb. They do not know who is making a call, whom they are trying to reach and who should be paying for the service. They therefore take the easy way out, connecting locations rather than people and charging the owner of the phone rather than whoever is making the call.

Into the era of the intelligent telephone

Hugo Dixon explains the benefits of linking telephone exchanges to a network of databases

A clever phone network would not suffer from these defects. When people left one location for another - perhaps going home in the evening - the call could be diverted automatically to the new location. And, if the person you wanted to speak to was engaged, the system could alert you when he or she was free.

Quite apart from cutting out much of the tedium involved in making phone calls, such changes should give a tremendous fillip to economic efficiency. People could be issued with personal numbers, which would enable them to be tracked down wherever they were.

You could also decide who was allowed to make calls on your phone, so reducing the chances of unexpected bills. You might, for example, want to stop your Swedish au pair calling her boyfriend in Stockholm every night or your teenage kids from becoming addicted to Britain's controversial chatlines.

Equally, people would be able to charge calls to different locations from the one which they were using to make the call. For example, somebody making a business call from a friend's home could charge his office - provided, of course, he was authorised to do so.

Telephone operators in the industrialised world are in the process of developing strategies for converting their present dumb networks into intelligent ones. Although all the features mentioned above - and many more that come under the umbrella of intelligent networks - will probably not be available much before the year 2000, the eventual

switch-over could have a dramatic impact on the effectiveness of the telephone as a communications tool.

The intelligent network, as a concept, relates to a particular way of constructing telecommunications systems. The principal characteristic that defines such a network is that the software or intelligence is placed in central computerised databases, rather than in telephone exchanges.

At present, when an operator wants to introduce a feature, software has to be written for each exchange in its network. This is not impossible, but it is time-consuming and costly. New software has to be able to work with the old software and be tailored to each exchange.

Alternatively, a special network has to be constructed to work side by side with the main network. This is the way freephone services are delivered. These offer one of the few intelligent network features already available in that they charge a call to the company receiving it rather than to the person making it.

Typically, it takes four years to introduce new features across a network and can cost tens of millions of pounds, says Boh Partridge, in charge of British Telecom's network planning. By contrast, centralising intelligence in a few databases would allow features to be introduced in a matter of months. It would also be much cheaper because only one batch of software would have to be written.

These databases would contain information about how calls should be routed, who should be charged for them and so on. One database might

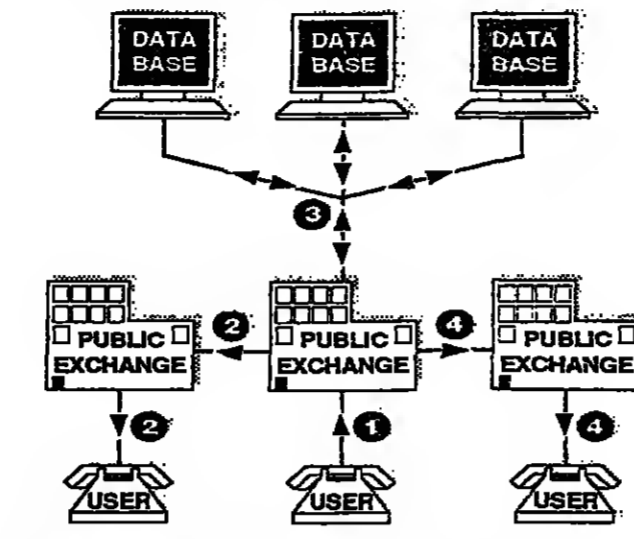
list the authorisation codes of everybody who wanted to pay for calls using credit cards; another might specify people's personal numbers and the locations to which calls should be directed; yet another might detail which calls were out of bounds from which telephones.

Because such information would be in a central place rather than scattered around the country, it would be easy to change. People would be able to reprogramme the database containing their personal numbers when they left one location, or alter the list of out-of-bounds numbers.

In an intelligent network, ordinary calls would continue to be processed by the exchanges in the same way as at present. However, if a call required special treatment, the exchange would consult the relevant database for advice before directing it to its destination. The exchanges would be able to identify which calls were special because they would have different codes. All freephone numbers in the UK, for example, start with 0800, which alerts the exchanges to consult the freephone database.

However, before such a system could work effectively, two further changes would be necessary. A fast, high capacity signalling system needs to be introduced to enable the exchanges to communicate with the databases. (The present system is so slow that phone users would probably hang up before they were connected.) And open interfaces would be needed between the network's various elements so that computers made by one manufacturer could work with exchanges made by another.

The architecture of an intelligent network



1. User makes a call, which is connected to the nearest public exchange.
2. If no intelligent network feature is required, the exchange routes the call to its final destination.
3. If an intelligent network feature is required, the exchange consults one of a series of databases about what to do. Messages are passed between the exchange and the computerised database using a fast signalling system. The call itself is held at the exchange.
4. When the message is received from the database, the exchange routes the call to its final destination.

Telecommunications operators are excited about the prospect of intelligent networks, seeing them as powerful competitive tools which could boost revenues. This explains why operators in those countries where telecommunications liberalisation has proceeded most quickly - the US and Britain - are also those where the desire for intelligent networks is greatest.

Intelligent networks can help the operators respond to competitive threats from two directions. The first is from other mainstream operators, such as that which BT faces from Mercury Communications in the UK. The beauty of intelligent networks is that they would allow an operator to take advantage of a market opportunity or match a new feature provided by a competitor in a few months.

The second threat is from private telecommunications networks. These have become increasingly popular among large companies with specialised communications needs which are not adequately catered for by the public networks. They either construct their own in-house networks or

exchange manufacturers. The reason is that it is extremely difficult to make exchanges from different manufacturers work together smoothly.

Since the concept of intelligent networks involves open interfaces, operators could pick and choose between suppliers. The operators would also be able to bring in computer companies as suppliers, because the new features would involve constructing computerised databases, an area in which exchange manufacturers have not traditionally excelled. As such, intelligent networks are the first major manifestation of the much talked-about convergence between computers and telecommunications.

This prospect, in turn, is setting the stage for what could become a battle between computer companies - such as IBM, Digital and Tandem - and the telecommunications suppliers - such as AT&T, Ericsson, Siemens, etc.

As BT's Partridge puts it: "No self-respecting exchange supplier is going to allow this to happen without a fight."

Telecommunications companies have two main options for dealing with this threat. The first is to build up expertise in computerised databases - a strategy being vigorously pursued by Britain's STC, which has been largely forced down this route because it is no longer a major player in the exchange market. The second is to try to keep as much of the intelligence in the exchanges and stop it migrating into central locations.

This is the background to the manoeuvring now going on in the US and Europe over how the open interfaces for intelligent networks should be defined, as the precise technical standards will affect the competitive positions of the different players.

In the US, negotiations about technical standards are being co-ordinated by Bellcore, the research organisation jointly owned by the Baby Bell operating companies which has pioneered the concept of intelligent networks. Discussions are also being held at ETSI, the new European telecommunications standards body, and at CCITT, the international telecommunications standards authority.

While it is still too early to predict the outcome of these discussions, it is already clear that the move to intelligent networks will happen in a series of stages rather than a single giant leap. Even so, the total effect could add up to a revolution.

A rare opening in Austria

By Della Bradshaw

In the UK it would have been a common enough event, the official opening of a final assembly computer plant. A minor royal or local MP would be the best "personality" most organisers could muster to cut the ribbon.

But when Tandem, the US microcomputer manufacturer, officially opened its factory in Vienna this month it was the Austrian Chancellor himself, Franz Vranitzky, who presided over the ceremony. He was attended by the combined corps of the Austrian press and paparazzi.

Vranitzky lost no opportunity in making the point that Austria wanted to be part of the European Community - saying that it would bring more advantages than disadvantages. And Austria has already begun to feel these disadvantages, especially in high technology investment.

While member countries of the EC, particularly the UK, attract huge investments from Japanese and US technology companies in the run-up to the 1992 single European market - Austria rarely receives such investment. Hence the interest in Tandem, which now employs 100 staff in Vienna, 40 of them on the production line.

Shiang Lal Tandon, founder of the Tandem Corporation and known throughout the industry as "Jugl", made no bones about why he had chosen to locate in Austria (the UK had also been on the list of potential sites). As well as the Austrian Government paying for a two year lease on the 800 sq m plant, Austrian banks have funded the start-up - the Dresdner Bank and a Vienna banking consortium granting Tandem credit of DM 80m (£25m). (The total investment needed to equip the factory was about £32m.)

Tandon was eager to point out that the production facilities in the factory were designed by a team of Austrian production designers, Pipelka Technik GesmbH. Jugl Tandon also assured the Austrian Chancellor that local sourcing of components would begin as soon as possible.

Meanwhile, production on the two short assembly lines and final test run has been under way since last July, and between 12,000 and 14,000 IBM-compatible PCs are now being assembled each month.


Eventually Tandon hopes to have a third production line in operation, which will mean computers worth over \$700m (£414m) leaving the factory annually. They are shipped from the factory to Amsterdam, Tandem's European distribution centre, and from there to individual countries. Over 90 per cent of Tandem's total sales of computers are in Europe - the company did \$250m-worth of business in Europe last year.

The factory produces most of the company's wide range of IBM-compatible PCs, but produces also IBM's latest and most sophisticated system, the PS/2, will have to wait. "We will do the PS/2 when it becomes a necessity," says Jugl Tandon. "We really don't want to be confusing the market-place at the moment. But we'll join the winners when the time comes."

Tandon officials are confident that Austria will become a member of the EC. Even if it does not, they do not think they will be handicapped in trade terms when selling their computers to member countries. And they dismiss the idea that Tandon had sited in Austria because of its access to Eastern block countries.

With Austria precariously balanced on the edge of Europe, Vranitzky puts his finger on why his country is having problems attracting high volume electronics manufacturing - apart from lacking the security of an EC state, it is not able to produce goods in the same way as the Far East. "We cannot produce cheaply to sell cheaply in Austria," he says, arguing that staff commitment and skills are the country's selling points.

But for real computer skills Tandon is looking elsewhere. Research and development will remain in the US and although Tandem is considering making its own main boards - the key element in PC production - they are unlikely to be made in Austria. Jugl Tandon says they will probably be put together in either the Far East or Bombay.



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In the Big Bang euphoria, a massive amount of capital was committed to the securities market in London. Even at the time, many of those involved knew that it was being overdone; but speculation was in full flood and London was the place to be. No one wanted to miss the bus.

Equities trading Fine-tuning the London market

By Martin Jacomb

For a while, trading volumes rose to levels which disguised the extent of over-investment, at least in equities; the gilt edged market is a different story altogether.

Eventually, the inevitable result came. It has happened countless times in many industries: business flourishes, profits look good; newcomers arrive, capital investment pours in; then turnover falls, margins are cut in the scramble for a higher share of a smaller total market, and the pain begins. It takes time before enough capital is withdrawn to allow margins to recover and equilibrium to be restored.

For some time this malaise has hung over the equity market in London. Costs are still high; trading volumes of customer business are running at only about 50 per cent above pre-Big Bang levels even on the basis of the busy first three months of this year. Margins are thin. But it is not simply the pressure on profitability that worries people. There is the wider question of whether the Stock Exchange and its trading system can provide an effective central market.

The system has its drawbacks. All systems do. The NYSE seized up at the time of the October 1987 crash. So did almost every other market except London. And many users of the Canadian system are certain not to do so.

A "central market" means, no doubt, different things to different people. To me it means simply a market to which members bring their business, and transact it with other members under clear market rules which ensure that business is properly and promptly settled.

If members bring all their business to the central market, liquidity is improved; and it must be transparent enough to ensure that everyone can check that their deal was done at the right price.

deals. Furthermore, since often several transactions are needed to fulfil an investor's requirements, the rule obviously operated to the disadvantage of end users. It encouraged them to do their business away from the central market. And this in turn damaged the liquidity of the central market, which always needs all the business it can get.

The changes were controversial. Some critics saw the re-emergence of the old close-knit jobbing fraternity. But there is no risk of a cartel. Competition is alive and well; fierce would be an understatement.

First, since I believe in a strong central market, I think all business handled by members should be brought to it, unless the business is to be transacted on another exchange. One of the consequences of dual capacity is that stock sold by a client can be bought by a broker as a principal even though he is not a market maker; he can then offer the stock to other clients.

Some market makers, including BZW, as a defence to this, reduced their screen-advertised sizes to nominal levels, far below the levels at which they were actually prepared to deal. Otherwise they would have remained sitting ducks, surrounded by professionals with loaded guns; there is no room for the sportsman's code.

Some authoritative voices have regretted the reduced transparency. David Walker, Chairman of SIB, among them. But I think David Walker had it right when, as reported in this newspaper, he accepted that there was a conflict in the short term between transparency and the need for liquidity.

But transparency is not just about displaying prices. It is also about reporting executed transactions.



Sir Martin Jacomb: London needs "order exposure" rule

"order exposure" rule, a very familiar concept, is needed, under which the business is exposed to the market at the price at which it is going to be sold to the client, so that it contributes to price formation.

I also think the market would be healthier if market makers had to demonstrate, as a qualification, that they have a specified share of investor business. This might be based on a share of investor business by value, similar to the system governing primary dealership in the US Treasury Bond market.

Bitter pill for Swiss bankers

William Dullforce explains why a way of life is threatened

The Swiss Cartel Commission added to Swiss bankers' worries on Monday, when it unveiled sweeping deregulation proposals that would dismantle 18 cartel-like arrangements operated by the banks.

The banks are already under pressure. A money-laundering scandal earlier this year turned the spotlight on the use of the banks' services by organised crime. A bill which seeks to make even negligence by banks in handling dirty money a criminal offence is now speeding through parliament.

But the Commission attacks nearly all the domestic price-fixing agreements - on interest rates, brokerage fees, foreign exchange commissions, charges for custodian and other services and on bank advertising. It said they "were harmful to the capacity to adapt and the competitiveness of the Swiss banking system."

The big Swiss banks have declined to comment before they have studied the proposals. But other bankers assume that with the Swiss National Bank and the Banking Commission also set on deregulation, big bank resistance could not be effective.

"It is exactly the medicine they needed," the president of a smaller bank said. Competition would force the big banks, which in the past have generally moved in step - co-ordinating their declared profits and dividend pay-outs - to start moving in different directions and to specialise, he says.

The big banks may find it difficult to swallow the proposal, but members of their underwriting syndicate should be free to form or join other ad-hoc syndicates for particular bond issues. "We might as well forget the syndicate," one of its members said.

LETTERS

Patents need 'lost' lifespan restored

From Mr Jeremy Strachan. Sir, While Lex's description of the shortening of effective patent life as the "real killer" for the research-based pharmaceutical industry may not be the happiest choice of words (April 19), your columnist puts finger on a serious problem which needs to be tackled urgently, not only in the UK but throughout Europe.

(research and development) investment which new pharmaceuticals require. Furthermore, the increasingly rigorous, time-consuming tests and trials to which drugs are subjected before they can be cleared for marketing by the appropriate government agency can take over 10 years.

The Government now needs to go further. In the world's two leading pharmaceutical markets, the US and Japan, the law now permits the extension of the normal patent term, partially to compensate for the "erosion" caused by compliance with regulatory procedures.

Food consumers should come first

From Professor Tom Raftery MEP. Sir, I agree entirely with your leader comment ("The fuss about food," March 16) that a food regulator must be a suspicious character.

agency might be the answer. As a rapporteur for a report on the food industry in the EC, drawn up for the Economic, Monetary Affairs and Industry Policy Committee of the European Parliament, I have come to the conclusion that it will be extremely difficult - if not impossible - to have a genuine single market until we have an independent central regulatory body, similar to the US Food and Drug Administration (FDA), in which EC citizens have real confidence.

ability. But without adequate resources it will simply be a toothless tiger, unable to gain the respect or confidence of Community consumers. If we want a genuine single market for food, then we must establish a genuinely independent, strong, and open regulatory body which will be seen to put the interests of consumers above that of producers, processors, distributors and the catering industry.

Pension ceiling falls still further

From Mr P.A. Randall. Sir, The Budget proposals included a ceiling of £80,000 on the earnings pensionable through tax-approved arrangements. The Chancellor also announced that these limits would not be imposed on employees joining existing company pension schemes before June 1.

cially those making large voluntary contributions. Where the company scheme is contributory, these payments will also count against the £80,000 ceiling. The proposed limit is to apply from the 1989-1990 tax year onwards. Many of those paying large voluntary contributions do so when they receive bonus payments, and it is conceivable that some individuals have already exceeded the limit in this tax year.

Inland Revenue Memorandum 99, recently issued to pension scheme practitioners, it took further inquiry to discover the extent of the proposal. It must be wrong to leave individuals in the dark about potential tax liabilities. The Revenue should now make a clear public statement of exactly what its proposals are.

Coal pros and cons

From Mr Albert Tuke. Sir, I am sympathetic towards Mr Cawood, leader of Selby District Council (Letters, April 8). Change in the rating system will result in Selby district receiving less income from the mining industry. (It will also result in the mining industry paying substantially more than at present.)

On the other hand Selby itself, which for centuries has had flooding from the River Ouse, is now protected by a flood bank constructed from the waste material brought to the surface at Gascoigne Wood and paid for in part by British Coal. We also spent £2m improving local roads.

Selside work accurately reported the most important faulting pattern of the coal field, but the technology available at the time could not identify the minor faulting at the depth we are working. This has proved to be much more intensive than anticipated, and has contributed towards the production of a higher dirt content in the coal than expected.

In general, I do not take issue with Mr Cawood. The coalfield was the biggest plank in the Plan for Coal, and during the 14 years since its conception the economy has seen a marked change. Mining is now the market leader, and the number of pits has dropped from 259 to 88 in that time.

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19 April 1989

Dear Fred

Thanks for the invitation to go fishing next month, although I must say I find sharks a bit out of my league - except when they're in my soup. I will - as my American friends say - take a raincheck on that one.

In the meantime, there's some excellent fishing to be had in some of our canals within the UDA. Did you know that we have 8 miles of waterways altogether?

Actually, the Corporation intends to change the look of the waterways completely. We shall open up and restore the canals, basins and rivers to make them accessible to the public, with waterside cafes and restaurants. There'll be quays and moorings for classic boats, and lots of open space giving a relaxed atmosphere to this bustling city.

On the subject of relaxation, did you hear about the Hallé Orchestra's new home? They are moving out of the Free Trade Hall into new multi-million pound premises, which are to be built on the Mosley Street car park site. So, as we music buffs say, "perfect intonation and matronomic exactitude achieves the best performance." Or in simple terms, for this particular project, we are warmed up and ready to blow.

Well, I'm just off to bait my hook not only to catch the fish, but also the enquiries that we are continually receiving about our exciting development.

Yours ever
Jimmy

James Grison
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Independent anti-trust body urged for Europe

By William Dawkins in Berlin

PROFESSOR Wolfgang Kartte, president of the West German federal cartel office, yesterday called for the creation of an independent European anti-trust authority to vet potentially anti-competitive cross-border mergers.

He defined for the first time what kind of European merger control system the Berlin-based authority could accept, a significant change from its former position as the most powerful and outspoken critic of a European Commission plan to extend its own authority over EC-wide mergers.

Boeing wins biggest share of \$17bn aircraft order

By Kieran Cooke in Dublin, George Graham in Paris and Lynton McLain in London

THE LARGEST slice of what is believed to be a record order for commercial aircraft - worth in total almost \$17bn - placed by GPA, the Irish aircraft leasing and financial services group, has gone to Boeing of the US.

GPA ORDER table with columns: Aircraft, Number, Value. Includes Airbus A320, A330/40, Boeing B737, B757, B767, McDonnell Douglas MD-80, MD-11.

Yesterday's deal, however, covers only 123 firm orders, the rest being options or orders subject to reconfirmation. The firm orders have a value of just over \$6.5bn over the period to 1998.

The Shannon-based GPA, parent company of Guinness Flight Services, has made initial pre-payment totalling about \$2bn for these aircraft.

His demands follow a similar idea floated recently by Mr Sydney Lipworth, chairman of the UK's Monopolies and Mergers Commission, another leading sceptic of the Commission's plan. Mr Kartte called for a three year trial period in which both the new EC organisation and national cartel offices could vet large mergers.

The orders and options, fully exercised, are worth \$850m to British Aerospace for its part in the Airbus Industrie programme. Rolls-Royce will have \$500m worth of work in providing engines to power 50 Boeing 767 airliners and a previously announced GPA order for 100 Fokker F100 twin jet airliners.

the Franco-US group CPM International, comprising GE and Siemens of France, and the Anglo-UK-Italian-Japanese International Aero Engines group will build the engines for the other aircraft.

GPA's leasing business has grown dramatically, particularly in the last three years. The group now has 172 aircraft with a net value of \$3m operating with 64 carriers in 32 countries.

Mr Luff again stressed that Nixdorf was not for sale. This was one reason why a small dividend, costing DM22m against DM112m in 1987, was being paid, despite the operating loss. If this minimum level is not paid for two years, the shares obtain voting rights.

UK soccer tragedy puts world stadiums in spotlight

By Our Foreign Staff

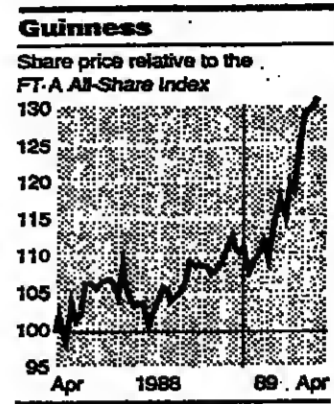
THE DISASTER at the Hillsborough football stadium in the UK's steelmaking town of Sheffield, where 96 people were crushed to death last week, highlighted the poor condition of many British soccer grounds and the poor facilities given to fans.

Tickets are inspected several hundred metres before fans reach the ground. There is a security zone where police can reach to groups attempting to rush through to the terraces, and, if panics occur inside, gates can be quickly opened onto the field.

Such restrictions on the general public's attendance means that crowd control really is not a problem. In BRAZIL - The astonishing displays of flag waving, ticker tape, smoke flares and fireworks that shower down on premier football teams reflect a passion for the game that seldom, if ever, has ended in tragedy.

Testing the joins at Gateway

Somehow, the bid for Gateway is not quite as advertised. Rather than a shareholders' revolt, it is a piece of financial engineering from a group of buy-out specialists with 4 per cent of the equity. Its resemblance to the Barker & Dobson bid is no coincidence, since it is led by one of Mr Fletcher's advisers. And rather than an assault on Gateway's management, it turns out to be civil war with four members of the food subsidiary's board working for the enemy.



There are two crucial differences from the previous bid. Mr Smith has managed an all-cash offer, and he has pre-sold the supermarkets on published and seemingly advantageous terms. The next question is how much can be got for Herman's. One can sympathise with Mr Monk's argument that this is the worst time to sell; but he has run out of time, and the cash is needed by the financial engineers. As to how the smaller stores are to be improved, there is a distinct shortage of detail. But that is of no concern to shareholders, unless they are minded to take the convertible and gamble on the re-floatation terms; and the same applies to the identity of the mystery directors who are to be brought in when the deal is completed.

At 18p, Gateway's shares are still 7p below the offer. This is cautious, but probably sensible: there is a hint that the 198p price can be improved upon, but there is also the outside chance that the Office of Fair Trading may object to the sale to Asda. And it is certainly the market's view that Asda is paying through the nose, to judge by yesterday's heavy volume of selling and the 4 per cent drop in the price.

One can sympathise to an extent, Asda may be paying less per square foot than Argyl did for Safeway, but Argyl was buying a brand name. Asda will be virtually 100 per cent geared; and since there is a promise of no rights issue, the aim of halving gearing by year two will mean realising some of the value of existing properties. The deal will increase Asda's selling area by half, and rank it third among the nation's grocers; but it is taking a big chance, all the same.

It is not surprising that the stock market is thoroughly confused about the battle for Gold Fields. While Minorco has put its final bid on the table, the US legal system seems to have considerable difficulty arriving at a final decision. On Monday, the judge delivered a 45-page explanation on why the injunction barring Minorco from buying Gold Fields shares could not be lifted, and Gold Fields' shares plummeted. Now the judge has said he will have another think about it, and considering the unpredictable nature of US legal decision making, it would be no great surprise if he lifted the injunction.

pared to pay for Gold Fields. But the longer Gold Fields persists in this sort of legal guerrilla warfare the more it looks as if it is simply interested in frustrating the bid.

Minorco cannot raise its offer any more, and shareholders should be allowed to decide. If over 60 per cent of Gold Fields' shareholders, say, were to accept the Minorco offer, Gold Fields would be under considerable pressure to withdraw its legal action. However, the bid is reasonably finely balanced, and probably still hinges on the outcome of the New York court. The legal arguments are beginning to go Minorco's way; and were it not for the cavalier way Anglo-American broke the rules in its 1980 dawn raid on Gold Fields, the US judge would probably have accepted Minorco's solution. Predicting the outcome of US legal cases is even more hazardous than forecasting UK interest rates, but US courts seldom block takeover bids. The problem this time is that the bid could easily fail because of the UK timetable.

So far this year, Guinness has outperformed the whole of the FT-SE apart from Racal and Rolls Royce, and with Bernard Arnault around to lead the fan club it should not lose its place in a hurry. Yesterday's news from Paris confirmed that LVMH may or may not double its stake in Guinness to 24 per cent; but that has been true for so long that merely saying it out loud should have come as no great surprise.

Khashoggi arrested Continued from Page 1 Justice. Mr Khashoggi and Mrs Marcos were among the most extravagant of the world's jet-setters. Mr Khashoggi liked boats and aircraft, and ice cream which he can consume in prodigious quantities.

Travelling by air on business? Enjoy reading your complimentary copy of the Financial Times when you are travelling on scheduled flights from...

Last-ditch effort to save Minorco bid

Continued from Page 1

If his injunction stands, the anti-trust implications of a proposed takeover of Gold Fields would have to be settled by a full trial, which is unlikely to begin before September. This would be too late to save Minorco's bid.

Mr Keith Irons, a Minorco vice president, said his company would declare the bid unconditional as to acceptances and hope that the legal situation is resolved in its favour before May 17. If the latter condition is not met, the bid falls, regardless of how many shareholders have accepted Minorco's offer.

If an overwhelming proportion of shareholders accepts, there remains a slim possibility that Gold Fields' board might bow to their wishes and withdraw its legal action. However, Newmont is also a party to the case and could keep the suit alive. Gold Fields indicated yesterday that its three (of 10) directors on Newmont's board would abstain on such a vote.



Our treasury team is user friendly

Being an Australian bank helps. We're naturally friendly. But even more important, Westpac is easy to deal with. Our entire treasury operation, our team and the systems which service our clients are directed towards your needs.

Westpac Australia's world bank

Sydney Wellington New York London Hong Kong Tokyo

WORLD WEATHER table listing cities like Algiers, Amsterdam, Athens, etc. with temperature and weather conditions.

Toyota invests in UK

Continued from Page 1 down by France over its opposition to allowing Nissan's UK-built Bluebird cars into France as European cars until they reach 60 per cent local content. Lord Young said the issue of free circulation was now closed.

Richard Tomkins adds: Toyota's decision to locate the plant in Derbyshire was greeted in the county as a massive vote of confidence in an area which has seen virtually no benefit either from inward investment to the UK or relocation from the Britain's prosperous south-east.

NETHERLANDS - The Heysel disaster prompted a number of measures to be introduced to control football crowds. Stadiums have been rearranged to provide more seats and less standing room. No game is completely sold out so there are always 5-10 per cent of the seats left empty for manoeuvring room. Entrance is allowed only with a ticket and no tickets are sold on the day before "high risk" matches. An identity card scheme for five clubs is due to be launched at the end of May, although it has been repeatedly delayed.

INTERNATIONAL COMPANIES AND FINANCE

Malaysian Prime Minister approves MPH takeover bid

By Wong Sulong in Kuala Lumpur

DR MAHATHIR Mohamad, the Malaysian Prime Minister, yesterday sanctioned a controversial 1.13bn ringgit (US\$416.5m) takeover bid for Multi-Purpose Holdings (MPH)...

The bid for MPH was to ensure that the public funds injected into KSM were well administered.

The idea of expanding 400m ringgit to rescue a company whom some people have mismanaged can only be undertaken if there is no other means of returning to the shareholders the money they lost through bad management...

He added that the Government "will be only too glad" if other parties are prepared to make a better offer than Hume.

MCA leaders had reacted strongly against the offer, in part because they believed Malay groups to be behind it.

Market analysts meanwhile feel that the Hume bid is too low, as MPH is a recovery stock with good assets, including ownership of a medium size bank, Malaysian French Bank.

This is one of the attractions for Hong Leong, which does not own a bank and has been wanting one for a long time.

A counter-bid cannot be ruled out - indeed, the powerful Association of Chinese Chambers of Commerce and Industry has said it is prepared to head a consortium to make such a bid.

However, the deciding factor is the central bank with its near-50 per cent control.

MPH shares have been heavily traded during the past month, rising from 1 ringgit to 1.5 ringgit. It is believed that Hong Leong has accumulated more than 10 per cent of MPH through market purchases.

Mixed results for JCI's gold mines

By Jim Jones in Johannesburg

RANDFONTEIN and Western Areas, the two gold mines managed by the Johannesburg Consolidated Investment (JCI) mining house, underlined the industry's sensitivity to gold production levels during the March quarter.

Randfontein suffered a drop in its recovery grade and cut its pre-tax working profit by 40 per cent. Western Areas, on the other hand, increased its grade and reduced its working loss by a quarter.

Mr Walter van der Merwe, Randfontein's mine manager, says that the grade decline developed because the new Doornkop section's initial recoveries have been lower than expected and due to the richer ore being virtually exhausted in the Cooke section's No.1 shaft.

He expects the grade to improve from the March quarter's 2.9 grams/tonne over the next several months, but not to a level as good as the December quarter's 3.3 grams/tonne.

Randfontein has concentrated on maximising gold production and this has involved processing comparatively large tonnages of low-grade rock contained in old surface dumps.

However, the proportion of underground ore will rise as production from the Doornkop section builds up to planned levels.

The mine has reduced this financial year's planned capital expenditure to R120m (\$47.3m) from the original estimate of R150m.

Meanwhile, Western Areas lifted its gold recovery grade to 3.23 grams/tonne from the December quarter's 3.18 grams/tonne, paradoxically as underground ore production was reduced.

The mine has been closing unprofitable working areas and moving its mechanised mining equipment to richer areas. It is also no longer processing its north sec-

JCI GOLD QUARTERLIES table with columns for Gold produced (kg), After-tax profit (Rm), Earnings per share (cents) for Mar 88, Dec 88, Mar 89, Dec 89.

Earnings per share calculated after tax and capital expenditure. Parentheses = losses.

tion's rock dump, but has begun recovering gold from the richer dump in the south.

Both mines have emphasised that trackless mechanised mining is a means of controlling working costs. However, Western Areas has to increase production from conventional mining in its deep southern section to remove the extreme pressures which affect the gold reefs at depth.

Joel, the new mine being developed in the Orange Free State, has increased its ore milling rate and expects to commission the second stage of its processing plant in May.

That will coincide with completion of the ventilation shaft and allow the monthly milling rate to be lifted to its planned 80,000 tonnes.

Price and production drops hit Anglovaal

By Jim Jones

THE THREE principal gold mines managed by South Africa's Anglovaal mining group suffered from lower gold production levels and rand gold prices during the March quarter, but received a measure of protection from a 10 per cent reduction in taxes with the new mining tax formula proposed in the national budget in March.

Anglovaal is the most active of the South African groups in metals markets and all three of its mines say they have taken out option contracts to enhance revenues should the gold price remain below \$400 an ounce this quarter and next.

Ore production rates are generally lower throughout the industry during the March quarter because of the summer holidays. Production is also

affected by high summer temperatures which lift underground temperatures and cut miners' productivity.

Hartebeestfontein, Anglovaal's largest gold mine, processed less underground and surface ore but increased its underground gold recovery grade fractionally. The mine's overall operating costs were comparatively well-contained in spite of a 10 per cent

ANGLOVAAL GOLD QUARTERLIES table with columns for Gold produced (kg), After-tax profit (Rm), Earnings per share (cents) for Mar 88, Dec 88, Mar 89, Dec 89.

Earnings per share calculated after tax and capital expenditure.

increase in electricity tariffs during the quarter.

White miners will receive their annual pay increases this quarter, that will be followed by higher wages for black miners at the start of July.

Lorraine was affected by a lower milling rate and poorer gold recovery but reduced its overall working cost by cutting its underground development rate. Anglovaal is exploring

ANI shares rise as takeover rumoured

By Chris Sherwell in Sydney

SHARES IN Australian National Industries (ANI), the engineering company caught up in the troubles of the collapsed Spedley financial group, rose sharply yesterday as more than 16 per cent of its stock changed hands.

The shares finished at A\$1.28 in Sydney, up 18 cents on the day and well above the low of A\$1.06 last week, when a provisional liquidator was appointed at Spedley Holdings and its associate Spedley Securities.

For reasons still to be explained fully, ANI has an exposure of A\$198.5m (US\$159.8m) to the Spedley group, including around A\$168m in bills of exchange and some A\$23m in advances secured against shares.

The total represents around 44.5 per cent of ANI's shareholders' funds at June 1988.

ANI is best known in Britain for its takeover earlier this year of the Aurora engineering group. Investors fear that losses from its exposure to Spedley will impact its equity base and profit, and the sale of their shares over recent days has led to speculation that it will become a takeover target.

At current levels ANI is valued at some A\$750m.

The Spedley companies are part of a complicated business empire controlled by Sydney entrepreneur Mr Brian Yuill through a company called Greater Pacific Investments (GPI).

Until March, ANI held a 45 per cent stake in Spedley Holdings, but sold out to Yuill interests.

Regarding the bills of exchange, ANI says these were endorsed by GPI Leasure, a quoted company in the Yuill empire. However, GPI Leasure disputes this.

The two sides are refraining from legal action pending an investigation by an outside auditor of Spedley and GPI Leasure.

The results of this investigation, and of a separate investigation of ANI's position by its own financial advisers, are expected to be known today or tomorrow.

Spedley's collapse follows the demise of two other fringe finance houses, Rothwells and Equitcorp. It is significant not only because of its potential impact on ANI but also because of Spedley's complicated financial dealings with Rothwells and with Bond Corporation.

San Miguel meets again

By Richard Gourlay in Manila

THE PHILIPPINE Government is expected to increase its majority on the board of San Miguel, the country's largest manufacturing company, when votes are counted during the resumption of the annual shareholders' meeting today.

The Government, through shares sequestered by the Presidential Commission on Good Government (PCGG) - which

is searching for wealth allegedly stolen by former President Ferdinand Marcos - along with investments by two other state bodies, controls voting rights for more than 55 per cent of the company and will occupy 10 of the 15 board seats.

The board has appointed bankers to study a rights issue possibly for the end of May.

COMMERZBANK

Building a solid base for the '90s

- Strong gains in 1988
• Reserves strengthened by record amount

Commerzbank turned in another rewarding performance in 1988. Group business volume rose by nearly 12% to DM 195 billion, with operating results for both the Parent Bank and the Group recording sound increases.

Lending operations were the primary factor behind this expansion, posting a healthy growth of 10.7% at Group level. Loans to customers were especially brisk.

Looking to the future, Commerzbank took advantage of its strong earnings performance to reinforce its financial base once more. Group reserves were strengthened by a record total of DM 235 million, and consider-

able funds were again used to provide for country risks. The Bank will pay an unchanged dividend of DM 9 per DM 50 nominal share to its more than 160,000 shareholders.

The Group's equity capital was further increased to DM 5.6 billion, a rise of over 10%. Underlining its commitment to quality in human and technical resources as a cornerstone for success in the highly competitive banking environment of the coming years, Commerzbank continued to make substantial investments in staff and banking technology.

In the domestic financial markets, the Bank pursued its strategy of diversification by acquiring a 40% share in Leonberger Bausparkasse, one of West Germany's leading home loan associations.

The year also saw Commerzbank expand worldwide, in both commercial and investment banking. Its Zurich subsidiary, Commerzbank (Switzerland) Ltd, opened a branch in Geneva, and Commerzbank Capital Markets Corporation began operations in New York. Holdings were raised significantly in Unibanco - Banco de Investimento

do Brasil S.A., Latin America's third-largest private-sector bank, and in Korea International Merchant Bank, a specialized financial institution based in Seoul with a strong growth and earnings record.

In early 1989, a representative office was set up in Milan, and others are planned for Bombay and Seoul. With about 70 foreign branches, subsidiaries, representative offices and holdings, the Bank is now present in some 30 countries all over the world. Both at home and abroad, its further intensified activities have enabled Commerzbank to strengthen its position as a prominent player in global banking and finance.

For further information, please contact: Commerzbank AG, PR Dept. (ZVK) EO, Box 10 05 05, D-6000 Frankfurt 1, West Germany Phone: (69) 13 62-27 26, Telex: 415 253 76 Telefax: (69) 13 62-20 08



Commerzbank Group Highlights table with columns for DM billion 1988, 1987 and rows for Total assets, Total lending, Borrowed funds, Capital and reserves, Net income (DM million).

Headquarters: Frankfurt. International Presence: Amsterdam, Antwerp, Atlanta, Barcelona, Beijing, Brussels, Buenos Aires, Cairo, Caracas, Chicago, Copenhagen, Geneva, Hong Kong, Istanbul, Jakarta, Johannesburg, London, Los Angeles, Luxembourg, Madrid, Manila, Manama (Bahrain), Mexico City, Milan, Moscow, New York, Osaka, Paris, Rio de Janeiro, Rotterdam, São Paulo, Singapore, Sydney, Tehran, Tokyo, Toronto, Zurich.

PaineWebber Incorporated advertisement for The Transportation Group, listing various airlines and their assets.

This advertisement, which has been issued by Morgan Grenfell on behalf of Minorco, has been approved by a duly authorised committee of the Board of Minorco. The Directors of Minorco are the persons responsible for the information contained in this advertisement. To the best of the knowledge and belief of the Directors of Minorco (who have taken all reasonable care to ensure that such is the case) the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of Minorco accept responsibility accordingly.

MINORCO

INCREASED AND FINAL* OFFER FOR CONSOLIDATED GOLD FIELDS PLC

THE INCREASED OFFER WILL CLOSE AT
1.00P.M. ON WEDNESDAY, 26th APRIL, 1989*

MINORCO'S OFFER (a)	CASH SHARES	1,175 356.5 <hr/> 1,531.5p
MARKET PRICE (b)		1,289p

The MIX AND MATCH election, which permits Gold Fields shareholders to elect to receive more cash or more shares, is available only to accepting shareholdings who so elect by 1.00p.m. on Wednesday, 26th April, 1989.

*Minorco has reserved the right to increase its offer or extend the closing date in the unlikely event of a competitive situation. If the Increased Offer becomes or is declared unconditional as to acceptances on 26th April, 1989 it must remain open for acceptance for at least a further fourteen days.

(a) The value of the Increased Offer is based on the market price of one Minorco share of 713p based on the middle market quotation, as derived from The Stock Exchange TOPIC service at 3.00p.m. on 18th April, 1989.

(b) The market price of a Gold Fields share of 1289p is based on the middle market quotation, as derived from The Stock Exchange TOPIC service at 3.00p.m. on 18th April, 1989.

Copies of the Form of Acceptance may be obtained from National Westminster Bank PLC, New Issues Department, PO Box 33, 153-157 Commercial Road, London E1 2DB (telephone 01-791 0011). Gold Fields shareholders who are in any doubt as to how to fill in the Forms of Acceptance should contact National Westminster Bank PLC, New Issues Department on 01-791 0011.

INTERNATIONAL CAPITAL MARKETS

Treasuries rally on back of fall in housing starts

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds rallied strongly yesterday in response to a rise in consumer prices in March towards the low end of expectations and a weak housing starts release.

GOVERNMENT BONDS

up on Monday's close. The yield on the Treasury's benchmark long bond fell from 8.96 per cent since early February to 8.96 per cent.

The market's focus had been exclusively on the CPI going into yesterday's figures but, in the end, it was a 5.4 per cent drop in housing starts in March and a 13.7 per cent fall in permits that gave the major boost.

The sharp fall in permits is a fairly good guide to future activity in the housing market. This was the largest decline since permits fell 14 per cent in October 1981, in the early stages of the last recession.

Over the first three months of the year, consumer prices rose at a compounded annual rate of 6.1 per cent, the largest quarterly jump since early 1987.

On Matif, the 10-year June futures contract closed off the day's highs at 106.96 as a result of profit taking, but in after-hours trading was quoted at 107.10.

TRADING IN THE UK gilt-edged securities market was largely driven by technical activity in the futures pits, with a good deal of professional short covering in response, again, to events in the US.

The market had opened up to 1/4 of a point weaker, as a result of a domestic £150m issue for the breweries group Bass, but turned around by early afternoon.

However, profit-taking later in the day, as well as the perception that nothing had changed on the reading of the UK economy itself, served to push futures and cash prices back down again, so that the June long gilt finished hardly changed on its previous close at 95.23.

AUSTRALIAN bond prices suffered volatile trading after the announcement of a worse-than-expected current account deficit in March.

The A\$1.2bn shortfall knocked half a point off the market, confirming fears that grave problems persist in the domestic economy. By the close of trading in London, the Australian dollar had dropped 1 1/2 cents against the dollar.

THE FRENCH market, which has been following movements across the Atlantic closely in the past few days anyway, also took a lead from the strong performance of US treasuries. The 3 1/2 per cent tap stock due 1999 closed 7 1/2 cents up on the previous day at 96.11 to yield 8.75 per cent compared with 8.95 per cent previously.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Maturity Date, Price, Change, Yield, Week Ago, Month Ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

London closing, *denotes New York morning session. Yields: Local market standard. Prices: UK in 32nds, others in decimal.

Pöhl says withholding tax cannot be repealed

By Haig Simonian in Frankfurt

MR KARI Otto Pöhl, president of the West German Bundesbank, yesterday repeated his strong opposition to Germany's new withholding tax on investment interest earnings which was introduced at the beginning of this year.

The experience of withholding tax had been "dreadful" since the beginning of this year, he said. Mr Pöhl said the Bundesbank's expectations were that the tax had overstepped the income from it.

However Mr Pöhl was sceptical that the tax could now be repealed following the great political embarrassment that accompanied its announcement in October 1987 - when the Bundesbank was not consulted - and the further uncertainty in recent weeks.

Mr Pöhl said the Bundesbank "would welcome" any steps Mr Waigel might take to simplify the tax, such as raising thresholds to remove smaller taxpayers from its net.

Hillsdown amends Eurobond terms

By Norma Cohen

HILLSDOWN Holdings, the UK food and property group, said yesterday that it was amending the terms of an existing £150m convertible Eurobond.

The aim is to make it more likely that investors will convert their bonds to equity rather than sell them back to the company in 1992 as the initial terms allowed.

The modifications to the terms, unlike revisions to other similar securities, do not spell out a minimum rate of return investors will receive if they hold their bonds beyond the initial put date. Rather, they give the company the right to set terms on a second put date in 1987 as the 1992 put date approaches.

Mr Mick Mariscotti, Hillsdown's Treasurer, said that the company would fix a rate of return that reflects prevailing market conditions instead of locking in current high interest rates.

There is also an option for a further put date set for 2002, the year the bonds mature. The bonds, issued during the bull market of 1987, are convertible into shares at 418p, a premium of 28 per cent over the initial issue price.

If investors who bought the bonds at par do not convert to equity but exercise their put option in 1992, Hillsdown will have to repurchase them £25.65 against an issue price of 86p.

Hillsdown thus joins a growing list of UK companies which issued convertible Eurobonds before October 1987 with above-average conversion premiums and below average coupons.

To compensate investors, the bonds included an option to put them back to the issuer five years after the issue date at a yield around that of UK government bonds.

Since many of the issuers, including Hillsdown, had viewed the securities as a means of ultimately raising equity, underwriters began searching for modifications that would induce investors to hold their bonds until conversion became attractive.

Credit Suisse First Boston, underwriter for the securities and adviser on the modifications, estimates that Hillsdown's stock price would have to rise to about 520p by 1992 for investors to choose conversion rather than redemption.

Although it is possible that the company's share price will soar over the next three years, it appears likely that the bonds will prove a more expensive method of financing than Hillsdown believed at launch.

Some issuers of convertible puttable Eurobonds have taken additional charge to earnings, setting aside reserves to cover the cost of interest accrued, but not actually paid, on the securities.

But extending the put options beyond the initial five-year period, in the judgment of several UK accounting firms, has eliminated the requirement for the company to take an additional charge to earnings, thus prompting issuers of puttable convertibles to modify the terms after launch.

CME to release trading abuse findings

By Katharine Campbell

THE CHICAGO Mercantile Exchange today releases the findings of its special panel of industry experts set up in response to the two-year FBI investigation into trading abuses at the CME and the Chicago Board of Trade, the world's two largest futures exchanges.

The nine-member panel has spent almost three months looking into issues ranging from trading practices to market surveillance and the composition of exchange disciplinary committees. The resulting proposals will be put to the board of the exchange, although it is unclear how soon they will be implemented.

While the FBI probe has so far failed to yield any indictments, it has, among other things, raised questions about the effectiveness of the exchange-based self-regulatory mechanism fundamental to the US futures industry. The CME's action is designed to demonstrate, particularly to its congressional audience in Washington, the soundness of this self-regulatory system.

Both the Senate and the House committees charged with oversight of the CFTC, and this year with the agency's re-authorisation, have been engaged in their own investigations, which have extended to all US futures exchanges.

Yesterday the subcommittee of the House Agricultural committee, which is chaired by congressman Mr Glen English, was receiving the first full briefing from staff involved in its own investigation.

One of the issues at the forefront of the debate concerns dual trading, hitherto something of a sacred cow in the US futures industry. The practice, whereby a floor trader operates for his own account as well as transacting client business, has repeatedly come under scrutiny, because of the obvious conflicts of interest that can arise.

The exchanges have repeatedly argued that dual trading enhances liquidity in less liquid contracts, but they are now under considerable pressure to ban dual trading, at least in the more active pits.

The commission is mobilising its efforts to protect small investors from the problem of fraud in the penny stock market. He said the SEC had found serious problems of fraud and manipulation in the penny stock market and would make this a priority item for the next several years.

"The commission's operations are efficient, but its resources are strained," Mr Ruder said. "Additional resources are needed to ensure that the commission can continue to exercise effectively its statutory responsibilities."

Mr Ruder said the SEC needed to maintain and expand its enforcement in market regulation programmes, to investigate leveraged buy-outs and to deal with the problem of fraud in the penny stock market.

CBT plans new contracts

By Katharine Campbell

THE CHICAGO Board of Trade (CBT) has announced that it will list a new set of futures and futures-options contracts on US mortgage-backed securities beginning June 16, Reuter reports from Chicago.

The exchange launched its first mortgage-backed product in 1975 when it became the first exchange to list interest-rate futures. However, the initial attempt and three subsequent mortgage-backed, securities-based contracts failed when dealers balked at their complicated terms of delivery.

SEC resources 'strained'

By Katharine Campbell

MR DAVID Ruder, chairman of the Securities and Exchange Commission, yesterday told the Senate Securities subcommittee that the agency needed more money to properly regulate securities markets.

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LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market categories: British Funds, Corporate Bonds, Financial and Property, etc.

LONDON RECENT ISSUES

Table listing recent issues: Equities, Fixed Interest Stocks, Rights Offers.

LONDON TRADED OPTIONS

Large table showing traded options for various stocks and indices, including columns for Call/Put, Strike Price, Volume, etc.

FT-ACTUARIES' SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table showing equity groups and sub-sections for Tuesday April 18 1989, including indices for Capital Goods, Building Materials, etc.

FIXED INTEREST

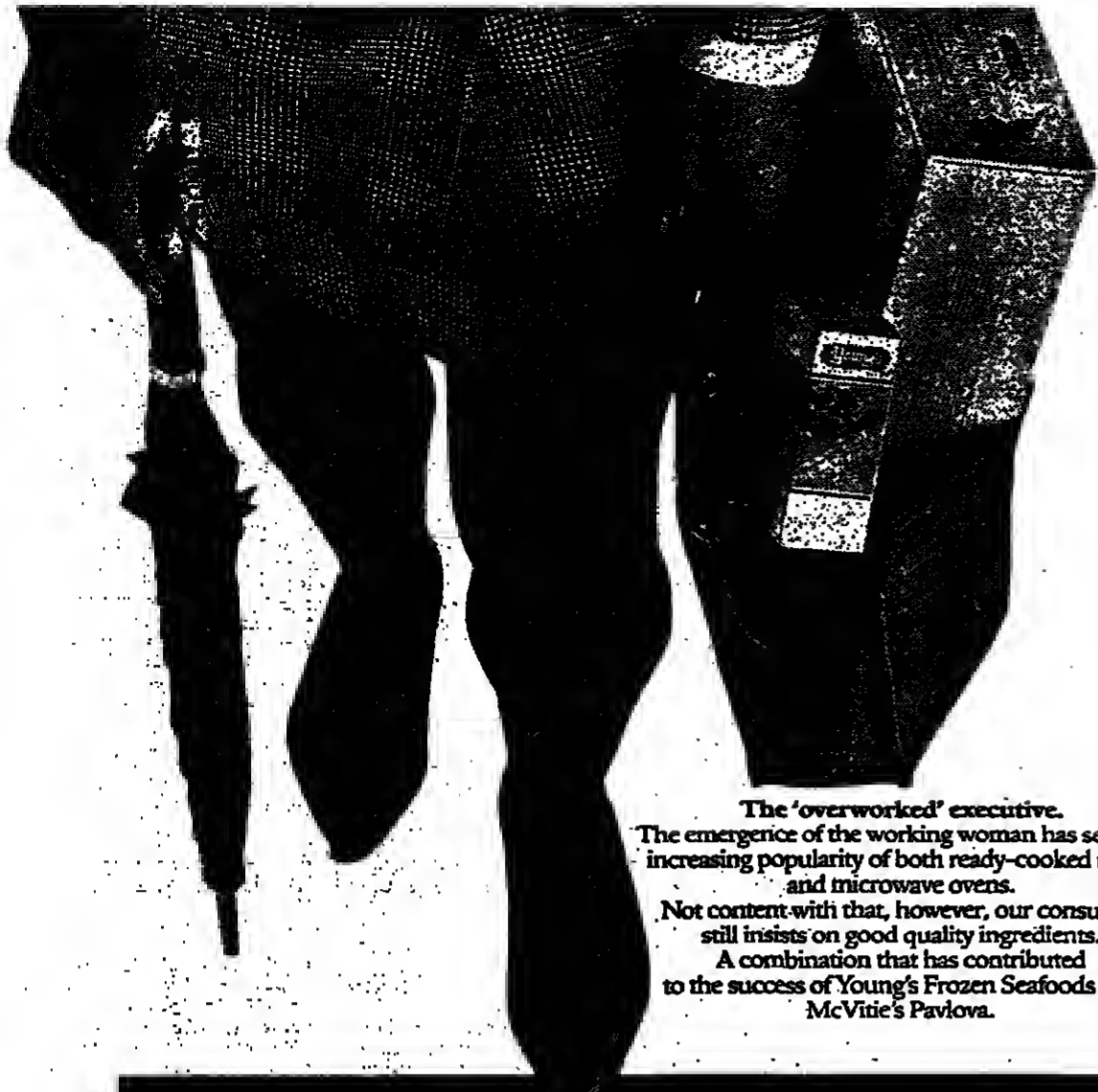
Table showing average gross redemption yields for various fixed interest instruments like British Government, Medium Term, etc.

Operating index: 2055.4; 10 am 2056.5; 11 am 2059.4; noon 2065.2; 1 pm 2066.5; 2 pm 2075.5; 3 pm 2072.4; 4 pm 2072.8; 5 pm 2072.8.

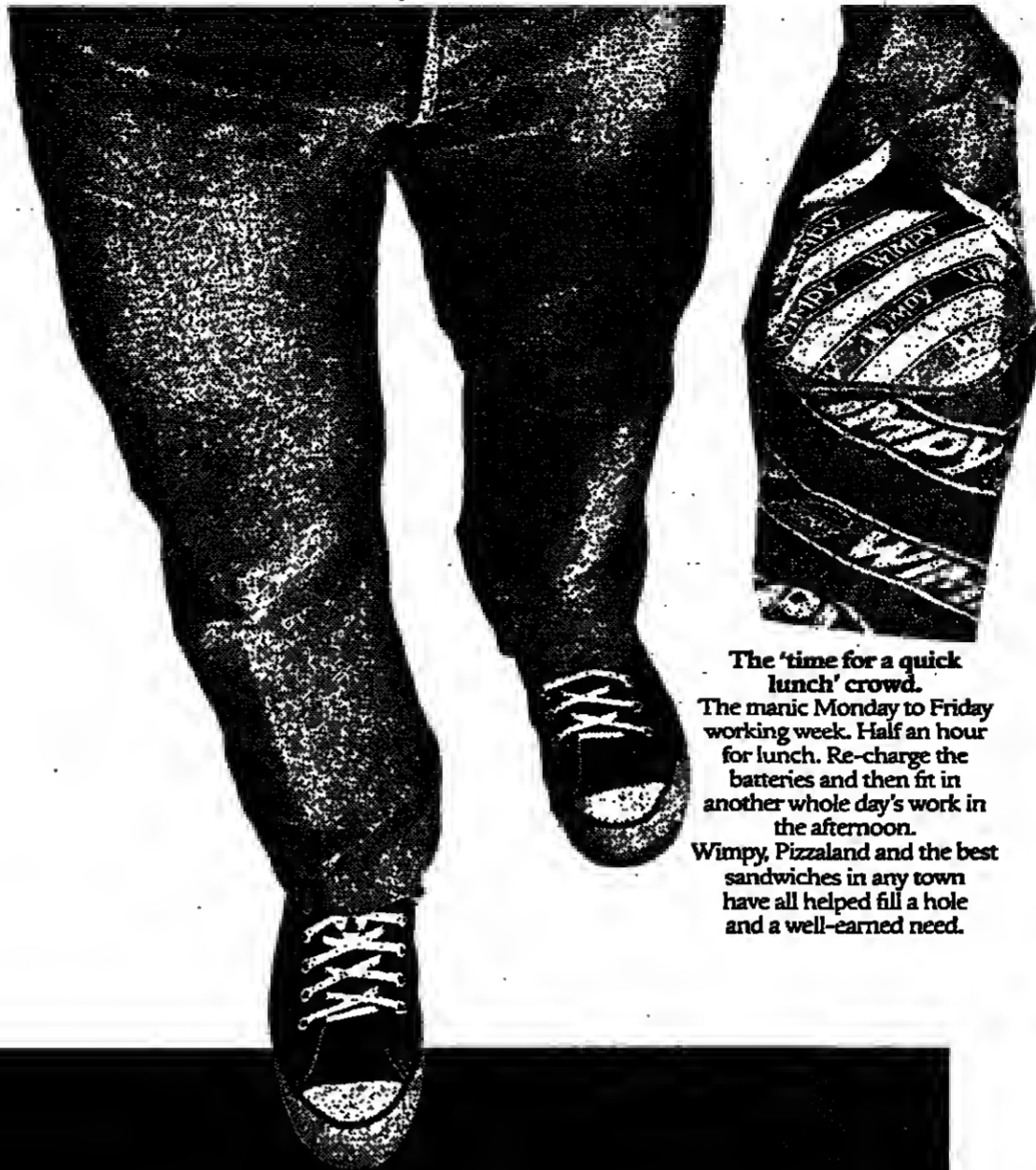
TRADITIONAL OPTIONS

List of traditional options: First Dealings, Last Dealings, Last Declarations, etc.

TO ADVERTISE Property To Rent. Furnished lettings Company and Embassy Lets. Long and Short Term. All appear in the FT every Monday and Saturday.



The 'overworked' executive.
The emergence of the working woman has seen the increasing popularity of both ready-cooked meals and microwave ovens.
Not content with that, however, our consumer still insists on good quality ingredients.
A combination that has contributed to the success of Young's Frozen Seafoods and McVitie's Pavlova.



The 'time for a quick lunch' crowd.
The manic Monday to Friday working week. Half an hour for lunch. Re-charge the batteries and then fit in another whole day's work in the afternoon.
Wimpy, Pizzaland and the best sandwiches in any town have all helped fill a hole and a well-earned need.

A business inspired by consumers.

As a food company, you should never take your consumer's eating habits for granted.

We have made it our business to stay in tune with the changes in their tastes and lifestyles.

A fact which inspired us to create a portfolio of businesses that have anticipated rather than merely reacted to the needs of our public.

This guiding principle has proven to be the key to our success.



United Biscuits



The 'I deserve a treat' mum and the 'unloved' temp.
People are working harder these days, and they believe that little treats as personal rewards are both right and deserved.
Sales of Terry's Chocolate Orange, Terry's Pyramid, McVitie's Hob-nobs and Chocolate Fudge Cakes all prove our point.

The single-person household.
Whether they are living in bedsits or a luxury flat, the qualities and convenience of McVitie's Pizza Slices are perfectly targeted.
It was chosen as 'Best frozen food product of 1988' (Supermarketing).



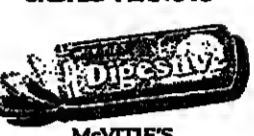
WIMPY QUARTER POUNDER



TERRY'S PYRAMINT



KP SALTED PEANUTS



McVITIE'S DIGESTIVE



TERRY'S CHOCOLATE ORANGE



KEEBLER TARO SKINS



McVITIE'S HOMEWHEAT



McVITIE'S PENGUIN



ROSS STIR FRY CHINESE CHICKEN



McVITIE'S HOB-NOBS



KP LOWER FAT CRISPS



YOUNG'S GOLDEN SCAMPI



ROSS POTATO GREATS



McVITIE'S ALL BUTTER SHORTBREAD



KP REAL MCCOY'S YOUNG'S PEELED PRAWNS ROSS OCEAN PIE CARR'S TABLE WATER PIZZALAND PIZZA KEEBLER O'BOISIES TERRY'S ALL GOLD WIMPY BEAN BURGER KP HULA HOOPS

UK COMPANY NEWS

Hammerson in line with bid forecast at £75m

By Nikki Tall

HAMMERSON PROPERTY and Development Corporation, Britain's third largest property group, yesterday announced profits before tax in the year to end-December of £75.1m, up from £54.3m in the previous 12 months. Accompanying the figures, was news of a 43 per cent dividend increase at 17p a share for the year, after a final of 14p.

The figures, however, were much in line with those forecast by the company during the £1.5bn bid battle with the Dutch Rodamco group earlier this year. At the time, Hammerson said that it expected pre-tax profits of £74m, and a dividend increase exactly in line with that which emerges.

Like the profits figure, earnings per share are marginally ahead of the forecast at 31.82p, up 35 per cent on the previous year. In terms of net asset value, Hammerson says that the formal accounts figure is £10.08, compared with 65p in 1987. This, however, is after taking trading and development properties at the lower of cost and net realisable value. Including development and trading revaluation surpluses, but still adjusting for the costs of the bid defence and other audited adjustments, the figure would be £10.58.

During the bid, Hammerson suggested an estimated net

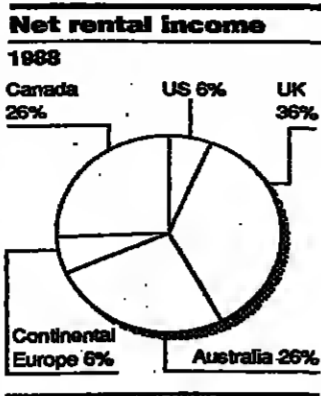
asset value - adding in a trading and development property revaluation surplus - of £20.85.

The company said yesterday that it had not yet decided on the future timing of portfolio revaluations. Prior to the offer, Hammerson had external revaluations done of different geographical parts of its portfolio on a rolling five-year basis.

This will definitely be abandoned, but the company has yet to decide between a full external valuation every year, and the possibility of doing the UK (which currently accounts for 43 per cent of the portfolio) one year and the overseas properties the next.

The investment portfolio overall is valued at £2.85bn (£1.63bn). During 1988, net rental income rose from £75.9m to £92.2m, while gross profits from property trading increased sharply at £22m (£5.14m). The bulk of the latter figure - around £20m - is accounted for by the first tranche of the proceeds from the sale of River Plate House in the City to the Japanese Yasuda Life fund.

Hammerson says this represents just over half the total River Plate House proceeds, with one further tranche due to fall in the current year. However, it concedes that overall, it will be "struggling to



match" the trading profits figure in the current year, although longer-term the aim is to have 15 per cent to 30 per cent of profits from this source. Below the line, there is a £9.16m (£14m) extraordinary item, comprising bid costs of some £10m offset by profits on the disposal of some investment properties.

The company said that relations had now resumed with Standard Life, the Scottish institution, which increased its stake to around 29 per cent of the voting rights during the bid, and which has a boardroom seat at Hammerson. It added that it believes Rodamco still holds around 3 per cent of its voting rights.

Elliott buys four Williams Holdings businesses for £22.4m

By Andrew Hill

B ELLIOTT, the engineering group, is reducing its dependence on machine tools and South African subsidiaries with the £22.4m acquisition of four specialist engineering businesses from Williams Holdings.

The acquisition - of MTE, Philidas, Integrated Photomatrix and Printed Motors - will be partly funded by a share placing to raise £17.9m, following an £8.7m rights issue last September.

The balance will be met by a payment of £4.5m in cash, pushing Elliott's gearing up to about 20 per cent. Elliott has estimated it made at least £4.4m before tax in the year to March 31, compared with £2.25m in the previous 12 months.

Earnings per share for the year are estimated at 10p (5.85p) and the group will probably recommend a final dividend of 2.5p, making 3.0p (3.3p) for the year.

Mr Michael Frye, group chairman since 1987 - when about 80 per cent of profits came from South Africa - said the acquisitions would reduce the proportion of attributable profits coming from the country to below 15 per cent.

MTE, Integrated Photomatrix and Printed Motors are involved in the design, manufacture and distribution of a

range of electronic and electro-mechanical products. Philidas makes specialist fasteners.

They were originally earmarked for sale by Pilgrim House Group - an electrical and electronics company which was created from a merger between Ransome Holtman Pollard and Burgess early last year, only to be bought by Williams in October. Together they made £2.4m before management charges, exceptional items, interest and tax in the year to September 30, on sales of £22.7m, and had combined net assets of £10.6m.

The share placing will be open to shareholders on the basis of one new ordinary share for every two held, at 100p a share, compared with yesterday's closing price of 110p, down 1p. Extraordinary losses at the grinding machine tool factory cut £1.25m from Elliott's after tax figures during last year, but despite this the group returned to profit at the attributable level, having made losses of £1.85m in 1987-88.

About 50 per cent of last year's turnover came from electrical and specialist engineering, 35 per cent from machine tools and 15 per cent from South African subsidiaries.

The results should be announced formally on May 17.

Tie Rack advances to £3.12m despite weak January sales

By Claire Pearson

TIE RACK, the specialist retailer of ties and scarves, yesterday announced a 17 per cent rise in pre-tax profits to £3.12m in the year to end-January. This was achieved after finance costs of £508,000, against £239,000 net investment income in the previous year.

Turnover increased by 46 per cent to £44.6m (£30.5m). Operating margins were virtually unchanged at 8.5 per cent after estimated start-up costs of £350,000 relating to the company's expansion in North America, Europe and Australia.

Sales generated overseas rose from 14 per cent to 27 per cent of the total. Mr Roy Bishko, chairman, said although January sales in the UK had been weak, turnover in the current year was encouraging. Like-for-like retail sales growth worldwide was currently running at 10 per cent, the same level as was achieved during the last year.

Nevertheless, in view of the economic environment, expansion plans would be more cau-

tions this year. Some 35 to 45 openings were anticipated, including a first-time expansion into West Germany and Sweden, compared with a net increase to 46 shops in the last year.

Mr Bishko warned also that the interim results, normally seasonally depressed, would be held back by the costs of investment for expansion, such as the establishment of centralised European warehousing facilities in West London.

The number of UK outlets increased from 114 to 125 during the year. By the end of the period, there were 31 (11) stores in the US, 23 (22) in Canada, 12 (6) in France, 3 (3) in Australia, 6 (6) in Eire, 3 (1) in Holland, and 3 (1) in Norway.

Of the overseas operations, only Australia traded at a profit.

Just 11 of the non-UK shops are franchised at present, but a substantial franchising programme should get under way in 1990.

After a 39 (40) per cent tax charge, and held back by the

increased capital base, earnings per share rose to 5.53p (5.67p). The final dividend is set at 0.865p making 1.33p (1.21p) for the year.

COMMENT

There are no worries about the attractions of Tie Rack's good quality product range, the ever-improving design of its retail outlets, or the advantages of its franchising policy. From a trading point of view, it has put in a very creditable performance in a worsening environment. But what does cause concern is the company's seeming unwillingness to provide information on the crucial question of exactly how much it is - doubtless - wisely spending on its further development. This was seriously underestimated by most followers in forecasts for 1988-9, producing some disappointment with the figures yesterday. The current year may provide pre-tax profits of about £3.75m, putting the shares on a prospective p/e of 11. They have no short-term attractions.

Boosey & Hawkes up 82% to £1.77m

Boosey & Hawkes, the music publisher and instrument maker, reported pre-tax profits of £1.77m (£973,000). Earnings per share were 31.5p (15.7p) and a proposed final dividend of 7p makes a total of 10p (3p).

The directors warned that the strength of markets and stability of currencies could affect this year's results.

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pick his brains. often accused by their colleagues of It's the simple, cost-effective

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customers' markets. Ask him for an And that's why our service is organisation from a "don't know"

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little on his biggest customer's monitor information about five beginning of this ad and ask yourself

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MARINE MIDLAND BANKS, INC

FLOATING RATE SUBORDINATED CAPITAL NOTES due 1999

For the three months 19th April to 18th July 1989 the Note will carry an interest rate of 10% per cent per annum with a Coupon amount of US\$262.26 per US\$100,000. Interest payment date 19th July 1989.

JAMES CAPEL BANKERS LIMITED
INTEREST DETERMINATION AGENT

Triangle ceases toymaking

REFLECTING A difficult year, Triangle Trust reported a loss of £314,000 for 1988, compared with a profit of £268,000 and announced that toymaking would cease. It will concentrate on marketing and distribution using the Triang name. Most of the properties will be sold.

Mr Rupert Hambro, who became chairman last November, said the steps taken should lead to a significant turnaround in the current year, and ensure a return to profitability.

Turnover rose to £11m (£9.25m). RF Development was closed as it could not trade profitably. Its loss and other costs amounting to £206,000 (payments to retiring directors £319,000) were taken above the line.

Mr Hambro said Elliott Bayley, financial services, had a reasonable year. It has signed agreements to acquire the complementary Surrey-based Conrad Statham for £400,000, comprising £125,000 cash and a £275,000 unsecured convertible loan.

BOOSEY & HAWKES

Boosey & Hawkes plc

PROFITS SURGE 82%

	1988	1987
Profit before tax	£1,767,000	£973,000
Profit after tax & extra-ordinary items	£1,301,000	£180,000
Earnings per share	31.5p	15.7p
Dividends per share	10.0p	3.0p

"Large improvement from musical instruments ... we are not aware of anything which would impede further progress"

R. H. Asserson - Chairman

For a copy of the Annual Report write to the Secretary, after 2nd May, Danesbrook Road, Edgware Middlesex HA8 9BB

CONDER GROUP PLC

Preliminary announcement of results for the year ended 31st December, 1988:

	1988	1987
Turnover	£169,770	£126,671
Profit before tax	6,266	2,613
Profit after tax	5,333	2,416
Earnings per share	65p	29p
Dividend per share	11p	5.5p

Extract from the Chairman's statement to shareholders: "...all main activities increased their contribution... buoyant trading conditions in our sector of the industry... Conder is exceptionally well placed to take advantage... 1989 has got off to an excellent start."

For details of our services or shareholder reports, please contact Liz Adanson, Kings Worthy Court, Winchester, Hampshire SO23 7QA. Telephone: 0962 882222.

CONDER GROUP PLC

PROPERTY DEVELOPMENT • DESIGN & BUILD CONTRACTING • STEEL FRAMED SUPERSTRUCTURES
CLADDING & CURTAIN WALLING SYSTEMS • BUILDING SERVICES • ARCHITECTURAL JOINERY
FORECOURT CANOPIES • UNDERGROUND TANKS • WATER TREATMENT • ENVIRONMENTAL
PROTECTION • GEOGRAPHICAL INFORMATION SYSTEMS

LONDON STOCK EXCHANGE

Brighter performance from equities

THE UK STOCK market took a distinct turn for the better yesterday as selective buying by the investment institutions was stimulated in late dealings by Wall Street's strong opening...

higher. Overall, however, the major houses continued to complain of the low level of business in the marketplace. When prices began to rise, marketmakers were squeezed and obliged to buy stock in the market...

Minorco appears to leave some UK institutions which have committed themselves to Minorco's £3.5bn bid, 'locked in' for the time being. Disclosure of the identity of the bidder for Gateway Securities...

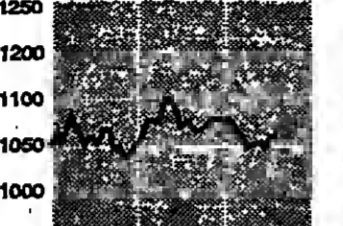
FINANCIAL TIMES STOCK INDICES

Table with columns for Apr 16, Apr 17, Apr 18, Apr 19, Year Ago, 1988, 1989, and Since Completion. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, and S.E. Activity.

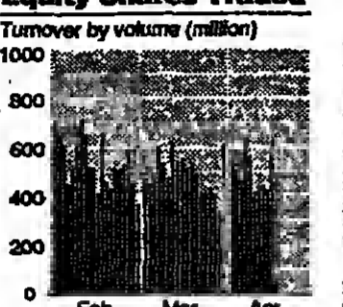
Gateway package revealed

Gateway were supported with enthusiasm and turnover reached a new peak of 25m shares after S.G. Warburg revealed the identity of its consortium bidder...

FT-A All-Share Index



Equity Shares Traded



US moves awaited

London traders in Consolidated Gold Fields were still responding to the latest news from the US court hearings on the Miniroco bid...

Change of tack

Courtauld, which has had the reputation for some time of being easy to sell, suddenly became difficult to buy...

Gas rallied 2 to 17p to 4.7m

A report that French group LVMH was thinking of doubling its stake in Guinness to 24 per cent as part of a cross-shareholding agreement...

Trading volume in major stocks

Table showing trading volume for various stocks including ASA, Anglo, and others, with columns for share price, change, and volume.

Other market statistics

Table with columns for Index, Apr 17, Apr 18, and Apr 19, listing various market indices like FT-100 and S.E. Activity.

BAA presentation

BAA improved steadily both before and during a long-awaited property analysts' visit yesterday to Heathrow and Gatwick airports...

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989, including companies like British Airways, Shell, and others.

APPOINTMENTS

Banerji moves to Citicorp. Dr Arun Banerji, a director of Nomura Research Institute, has been appointed head of research at Citicorp. ICH money broking chairman. Mr Rod Smith has been appointed to the INTERNATIONAL CITY HOLDINGS board...

WEDEN ANNUAL REPORT INDEX 1-9-89. Euroc is an international industrial and trading group. Mineral-based products form the foundation of the Group's operations...

SWEDEN ANNUAL REPORT INDEX 1989. To find out more about the performance, direction and prospects of some of Sweden's most successful corporations send for a free copy of the 1988 annual report...

EUROC. In association with the Aker Group of Norway, Euroc acquired two cement manufacturers, Castle Cement in Great Britain and Allentown in the United States...

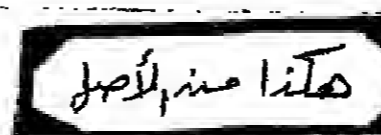
FT UNIT TRUST INFORMATION SERVICE

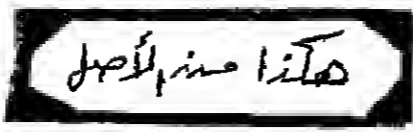
Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-0128

AUTHORISED UNIT TRUSTS

Main table containing unit trust information, organized by category (e.g., Equity, Bond, Income, etc.) and listing various trusts with their respective details.

GUIDE TO UNIT TRUST PRICING. A section explaining the pricing of unit trusts, including details on how prices are calculated and the role of the FT Cityline help desk.





FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Table listing various unit trusts under the heading 'Wright Selection Fund Range Ltd (Group)'. Columns include Fund Name, Date, and Unit Price.

OTHER UK UNIT TRUSTS

Table listing various other UK unit trusts such as 'Bathfield Gifford & Co Ltd', 'City of Edinburgh Life Assurance', and 'Aegle Star Insurance Co Ltd'. Includes fund names and prices.

Table listing various unit trusts under the heading 'City of Edinburgh Life Assurance'. Columns include Fund Name, Date, and Unit Price.

City of Edinburgh Life Assurance

Detailed table listing various unit trusts from City of Edinburgh Life Assurance, including 'Edinburgh Money Management Ltd' and 'Edinburgh Life Assurance Co Ltd'.

Table listing various unit trusts under the heading 'Aegle Star Insurance Co Ltd'. Columns include Fund Name, Date, and Unit Price.

Aegle Star Insurance Co Ltd

Detailed table listing various unit trusts from Aegle Star Insurance Co Ltd, including 'Aegle Star Insurance (Middle East) Amc' and 'Aegle Star Insurance Company Ltd'.

Table listing various unit trusts under the heading 'Economic Insurance Company Ltd'. Columns include Fund Name, Date, and Unit Price.

Economic Insurance Company Ltd

Detailed table listing various unit trusts from Economic Insurance Company Ltd, including 'Economic Insurance Company Ltd' and 'Economic Insurance Company Ltd'.

Table listing various unit trusts under the heading 'The LAS Group'. Columns include Fund Name, Date, and Unit Price.

The LAS Group

Detailed table listing various unit trusts from The LAS Group, including 'The LAS Group' and 'The LAS Group'.

Table listing various unit trusts under the heading 'M & G Life and M & G Pension'. Columns include Fund Name, Date, and Unit Price.

M & G Life and M & G Pension

Detailed table listing various unit trusts from M & G Life and M & G Pension, including 'M & G Life and M & G Pension' and 'M & G Life and M & G Pension'.

Table listing various unit trusts under the heading 'NIEL British Assurance Co Ltd - Capital'. Columns include Fund Name, Date, and Unit Price.

NIEL British Assurance Co Ltd - Capital

Detailed table listing various unit trusts from NIEL British Assurance Co Ltd - Capital, including 'NIEL British Assurance Co Ltd - Capital' and 'NIEL British Assurance Co Ltd - Capital'.

Table listing various unit trusts under the heading 'NIEL Pension Ltd'. Columns include Fund Name, Date, and Unit Price.

NIEL Pension Ltd

Detailed table listing various unit trusts from NIEL Pension Ltd, including 'NIEL Pension Ltd' and 'NIEL Pension Ltd'.

INSURANCES

AA Priority Society. Independent of A & S. In the UK. Attorney in New York.

Table listing various insurance companies and their services, including 'Allay Life Assurance Co Ltd' and 'Aetna Life Assurance Co Ltd'.

Chubb Indemnity Group

Table listing various insurance policies from Chubb Indemnity Group, including 'Chubb Indemnity Group' and 'Chubb Indemnity Group'.

Commercial Union Group

Table listing various insurance policies from Commercial Union Group, including 'Commercial Union Group' and 'Commercial Union Group'.

General Accident Life Assurance Co Ltd

Table listing various insurance policies from General Accident Life Assurance Co Ltd, including 'General Accident Life Assurance Co Ltd' and 'General Accident Life Assurance Co Ltd'.

Liberty Life Assurance Co Ltd

Table listing various insurance policies from Liberty Life Assurance Co Ltd, including 'Liberty Life Assurance Co Ltd' and 'Liberty Life Assurance Co Ltd'.

Lombard Life Assurance Co Ltd

Table listing various insurance policies from Lombard Life Assurance Co Ltd, including 'Lombard Life Assurance Co Ltd' and 'Lombard Life Assurance Co Ltd'.

London & Lancashire Assurance Co Ltd

Table listing various insurance policies from London & Lancashire Assurance Co Ltd, including 'London & Lancashire Assurance Co Ltd' and 'London & Lancashire Assurance Co Ltd'.

Mitochond Life Limited

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Metropolitan Assurance Co Ltd

Table listing various insurance policies from Metropolitan Assurance Co Ltd, including 'Metropolitan Assurance Co Ltd' and 'Metropolitan Assurance Co Ltd'.

City of Edinburgh Life Assurance

Table listing various insurance policies from City of Edinburgh Life Assurance, including 'City of Edinburgh Life Assurance' and 'City of Edinburgh Life Assurance'.

Edinburgh Life Assurance Co Ltd

Table listing various insurance policies from Edinburgh Life Assurance Co Ltd, including 'Edinburgh Life Assurance Co Ltd' and 'Edinburgh Life Assurance Co Ltd'.

Economic Insurance Company Ltd

Table listing various insurance policies from Economic Insurance Company Ltd, including 'Economic Insurance Company Ltd' and 'Economic Insurance Company Ltd'.

The LAS Group

Table listing various insurance policies from The LAS Group, including 'The LAS Group' and 'The LAS Group'.

M & G Life and M & G Pension

Table listing various insurance policies from M & G Life and M & G Pension, including 'M & G Life and M & G Pension' and 'M & G Life and M & G Pension'.

NIEL British Assurance Co Ltd - Capital

Table listing various insurance policies from NIEL British Assurance Co Ltd - Capital, including 'NIEL British Assurance Co Ltd - Capital' and 'NIEL British Assurance Co Ltd - Capital'.

NIEL Pension Ltd

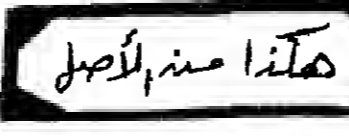
Table listing various insurance policies from NIEL Pension Ltd, including 'NIEL Pension Ltd' and 'NIEL Pension Ltd'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information, organized into columns for various trust categories such as 'UK Life Assurance Co Ltd', 'Scottish Life Assurance Co Ltd', 'Standard Life Assurance Co Ltd', 'Guernsey (SIR RECOGNISED)', 'Jersey (SIR RECOGNISED)', and 'Switzerland (SIR RECOGNISED)'. Each entry includes the trust name, its code, and numerical values representing unit prices and other financial metrics.



FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance, and details. Includes sections for 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

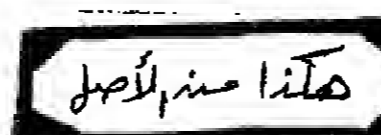
Table of London Share Service listing various share funds, including British Funds, American Funds, and International Bank and Oseas Funds. Includes performance metrics and fund names.

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products and their details.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing various share price listings categorized by industry: CANADIANS, BUILDING, TIMBER, ROADS, ELECTRICALS, ENGINEERING-Contd, INDUSTRIALS (Misc.)-Contd, BANKS, HP & LEASING, CHEMICALS, PLASTICS, FOOD, GROCERIES, ETC, BEERS, WINES & SPIRITS, DRAPERY AND STORES, HOTELS AND CATERERS, INSURANCES, BUILDING, TIMBER, ROADS, ENGINEERING, and LEISURE.



LONDON SHARE SERVICE

Least Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE - Contd

Table of share prices for Leisure sector including companies like Leisure Group, Leisure World, etc.

PROPERTY

Table of share prices for Property sector including companies like Property Group, etc.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like Textiles Group, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land sectors.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like Oil & Gas, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Mines Group, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades sector.

TOBACCO

Table of share prices for Tobacco sector.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land sectors.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector.

PLANTATIONS

Table of share prices for Plantations sector.

THIRD MARKET

Table of share prices for Third Market sector.

Commercial Vehicles

Table of share prices for Commercial Vehicles sector.

Investment Trusts

Table of share prices for Investment Trusts sector.

FINANCE, LAND, etc

Table of share prices for Finance, Land, etc sector.

FINANCE, LAND, etc

Table of share prices for Finance, Land, etc sector.

MINES

Table of share prices for Mines sector.

NOTES

Stock Exchange dealing classifications are indicated in the right margin. Unless otherwise indicated, prices are in pence and denominated in 25p. Estimated price/earnings ratios and other ratios are based on latest annual reports and accounts. Where possible, are updated on half-yearly figures. P/E ratios are calculated on 'P' distribution basis. Earnings per share being computed on 'P' distribution basis. Dividend yields are based on 'P' distribution basis. Dividend yields are based on 'P' distribution basis.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers sector.

SHIPPING

Table of share prices for Shipping sector.

OIL AND GAS

Table of share prices for Oil and Gas sector.

DIAMOND AND PLATINUM

Table of share prices for Diamond and Platinum sector.

FINANCE

Table of share prices for Finance sector.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish Stocks sector.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising sector.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector.

SOUTH AFRICANS

Table of share prices for South Africans sector.

TEXTILES

Table of share prices for Textiles sector.

Australian

Table of share prices for Australian sector.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector.

This service is available to every company dealt in on Stock Exchange through the United Kingdom for a fee of 0.02 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to fall

THE US dollar lost ground in currency markets yesterday as investors unwound dollar positions after the release of US data on consumer prices and housing starts.

moment, with central banks intervening again in currency markets should it move up to the DM1.90 level. Sterling benefited from the dollar's weaker tone, having spent most of the morning trading in a narrow range.

The Australian dollar fell sharply after news of a larger than expected current account deficit in March. A record A\$1.6bn shortfall contrasted with expectations of A\$1.1bn to A\$1.5bn, and the Australian unit fell to a low of 79.20 US cents from 81.15 US cents just before the announcement.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

STERLING INDEX

Table with columns: Date, Index, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

CURRENCY RATES

Table with columns: Currency, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

CURRENCY MOVEMENTS

Table with columns: Currency, Movement, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

OTHER CURRENCIES

Table with columns: Currency, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

MONEY MARKETS

Further easing

INTEREST RATES continued to fall on the London money market yesterday, encouraged by lower US rates. Three-month sterling interbank declined to 13.12% per cent from 13.15% per cent as three-month Eurodollars eased to 10.94% per cent from 10.91% per cent.

FT LONDON INTERBANK FIXING

Table with columns: Instrument, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

MONEY RATES

Table with columns: Instrument, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

LONDON MONEY RATES

Table with columns: Instrument, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

FINANCIAL FUTURES

Prices rise on US data

DOLLAR AND sterling interest rates rose on Life yesterday in reaction to the latest batch of US economic statistics. It was suggested, however, that the rise in prices of US Treasury bond and Eurodollar futures was largely a reflection of short covering by traders who went short last week and were too slow to cover after Friday's better than expected March US producer prices index.

The same traders then waited for yesterday's consumer prices for March before finally deciding to cover their positions. Nevertheless, there was a general feeling in London that a rise of 0.5 per cent in US consumer prices and a surprisingly large fall in housing starts do not provide sufficient grounds for yesterday's mood of euphoria.

PHILADELPHIA SIX MONTHS

Table with columns: Instrument, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

LONDON (LIFED)

Table with columns: Instrument, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

CHICAGO

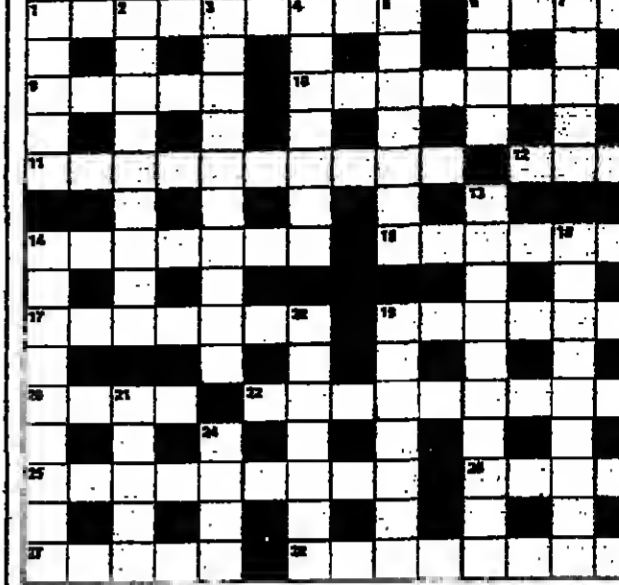
Table with columns: Instrument, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Instrument, Rate, % change, % change from previous day, % change from 1988, % change from 1987, % change from 1986, % change from 1985, % change from 1984, % change from 1983, % change from 1982, % change from 1981, % change from 1980.

CROSSWORD

No.6,913 Set by CINEPHILE



- 1 Captain maybe turning vehicle to change direction (9)
2 Author going home? (5)
3 Gold backed with pale ash (5)
4 Rubbish container at house put in back door by outlaw (5,4)
5 Desire full effect of French change (3-5-3)
6 Fish in bottomless lock? (4)
7 Wise men negative defensive line? (7)
8 Adverse critic on the door (7)
9 Crowded back end can be surprisingly methodical (7)
10 Unfinished account for dues makes one irritable (7)
11 A lot of digits are anaesthetised (4)
12 The darker sporting stuff? (5,4)
13 Thing I take on as a protest (5)
14 Against one coming to God, classically, on TV (5)
15 Support for proud walker (5)
16 Take over from reps wrapped in leather (3)
17 DOWN
18 Typical mark of the Passeriformes (5)
19 Wood spurred by the bandy (3-4)
20 Like Wordsworth's cloud.

JOTTER PAD

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IN THE MATTER OF HARLOW & JONES LIMITED AND
IN THE MATTER OF THE INSOLVENCY ACT 1986
FIRST AUSTRALIA PRIME INCOME INVESTMENT COMPANY LIMITED
International Depository Receipts issued by Morgan Guaranty Trust Company of New York

UK clearing bank base lending rate from November 25

Dealers said it is far too early to say that the Federal Reserve will be able to relax its credit stance, but the risk of an early rise in US interest rates has diminished.

The Bank of England initially forecast a surplus of \$500m on the London money market, but revised this to \$450m at noon and to \$400m in the afternoon.

The surplus was absorbed

Dealers said it is far too early to say that the Federal Reserve will be able to relax its credit stance, but the risk of an early rise in US interest rates has diminished.

WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, France, Germany, Italy, Sweden, and Japan. Columns include stock names, prices, and changes.

Table of stock market data for Japan, listing various companies and their stock prices.

Table of stock market data for Canada, listing various companies and their stock prices.

Table of stock market data for the United Kingdom, listing various companies and their stock prices.

Table of stock market data for Australia, listing various companies and their stock prices.

Table of stock market data for New York, listing various companies and their stock prices.

Table of stock market data for Tokyo, listing various companies and their stock prices.

Table of stock market data for Singapore, listing various companies and their stock prices.

Table of stock market data for Hong Kong, listing various companies and their stock prices.

Notes and footnotes regarding the data presented in the tables.

Advertisement for 'It's attention to detail' featuring the Novotel hotel chain. Text describes the quality of service and amenities provided by Novotel hotels.

Advertisement for 'To keep the world in focus...' featuring the Financial Times newspaper. Text highlights the newspaper's global coverage and financial focus.

Advertisement for 'To keep the world in focus...' featuring the Financial Times newspaper. Text highlights the newspaper's global coverage and financial focus.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3pm prices April 18

Main table containing stock prices for various companies, organized in columns with headers for stock symbols, prices, and changes.

Continued on Page 31

Handwritten signature 'J. J. ...' at the bottom center of the page.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes a section for 'Sales figures are unofficial' with details on reporting methods.

Japanese Lito

OVER-THE-COUNTER

Nasdaq national market. 3pm prices April 18

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change. Includes a section for 'Sales figures are unofficial' with details on reporting methods.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Advertisement for hand-delivery available in North America, featuring a toll-free number (1-800-344-1144) and service availability in major cities.

Advertisement for 'Travelling by air on business?' featuring a logo and text about enjoying reading the Financial Times while traveling.

AMERICA

Dow surges to post-crash record

Wall Street
EVIDENCE of substantial weakness in the US housing market and a moderately better-than-expected jump in consumer prices last month boosted the equity market to a post-October crash high by yesterday's mid-session surges...

more likely to ease monetary policy. Only on Monday, expectations in the bond market were still for a further tightening in response to inflationary pressures.

positive undertone which had carried over from Friday's rally of more than 40 points after a smaller-than-expected rise in producer prices.

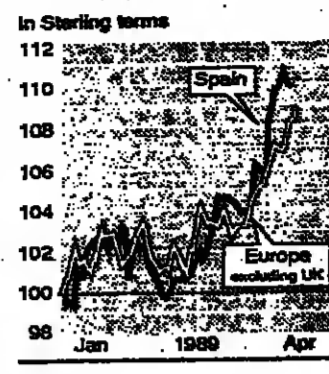
40%. Its profits fell by 29 per cent in the second quarter but this was expected. MCI Communications jumped 8 1/2% after it announced that Q3 after it quarter operating net had more than doubled to 55 cents a share.

Madrid bolsa stirs from its siesta

Peter Bruce looks at the improving performance of Spanish equities

PERRAPS it has something to do with the weather. 1989 started off uncommonly warm in Spain and the cold weather has only recently set in. Taxi drivers, who know say it could be chilly until June.

FT-A World Indices



Bank stock, normally the foundation upon which any action in Madrid would be based, had also been shaken by the failure of the Banesto-Banco Central merger and in the ensuing nervousness local fund managers built up large liquid reserves.

ASIA PACIFIC

Wary institutional players stick firmly to sidelines

Tokyo
INDIVIDUAL buying continued to support equities but the market's energy was sapped by a clear lack of institutional interest, writes Michio Nakamoto in Tokyo.

the buying was not sustained. There was some concern about inflationary pressures stemming from remarks by the Minister of Finance that rising crude oil prices could lead to inflation.

at 32,105.67. Volume improved substantially to 117m shares against 52.5m on Monday. Nippon Sanso rose Y130 to Y1,260.

EUROPE

US inflation numbers add to bullish mood

THE US consumer price figures proved the latest addition to a state of bullish news for hours, which generally ended higher, writes Our Markets Staff.

8.50 to F1 413.50 after Monday's F1 29.50 advance. There was speculation that shareholder Mr Torstein Hagen was trying to set up an investment fund that would buy shipping companies.

gains as investors continued to buy construction stocks. The general index rose 0.94 to 295.84.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Woods Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Monday April 17 1989, Friday April 14 1989, and Dollar Index. Rows list various countries and their corresponding stock indices.

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SECTION III

FINANCIAL TIMES SURVEY

From its identification with utility or military vehicles, the 4wd sector has been transformed into a wider and more fashion-conscious market for leisure/utility vehicles. Japanese niche strategies pose a severe challenge to Western producers, John Griffiths reports

The creation of demand

TOWERED OVER by a line of bearskinned and kilned beggars, Mr Oesamu Suzuki listened dutifully, and with total uncomprehension. A Scottish dignitary was holding an earnest, one-way conversation with a sheep's stomach stuffed with offal and oatmeal. Then, stiffened by a whisky and with the halting cry of a samurai beset by sudden inner doubt, the president of Suzuki Motor Company stepped forward and stabbed it.

This bizarre scene in an Edinburgh hotel late last year marked the first time Suzuki had used Scotland, or even Europe, to introduce a four-wheel drive vehicle to the world.

(It was also Mr Suzuki's own introduction to Scotland's world-notorious dish, the haggis, and to the poet Robert Burns' traditional address to it prior to its demise).

The scene was no more bizarre, however, than some aspects of the burgeoning world 4wd market of which Suzuki has made a speciality.

Even Mr Suzuki seems at a loss to explain precisely why Suzuki's small, harsh-riding and, by car standards, slow 5f range of purpose-built off-road leisure vehicles - best known as the Samurai - should have attracted a cult following

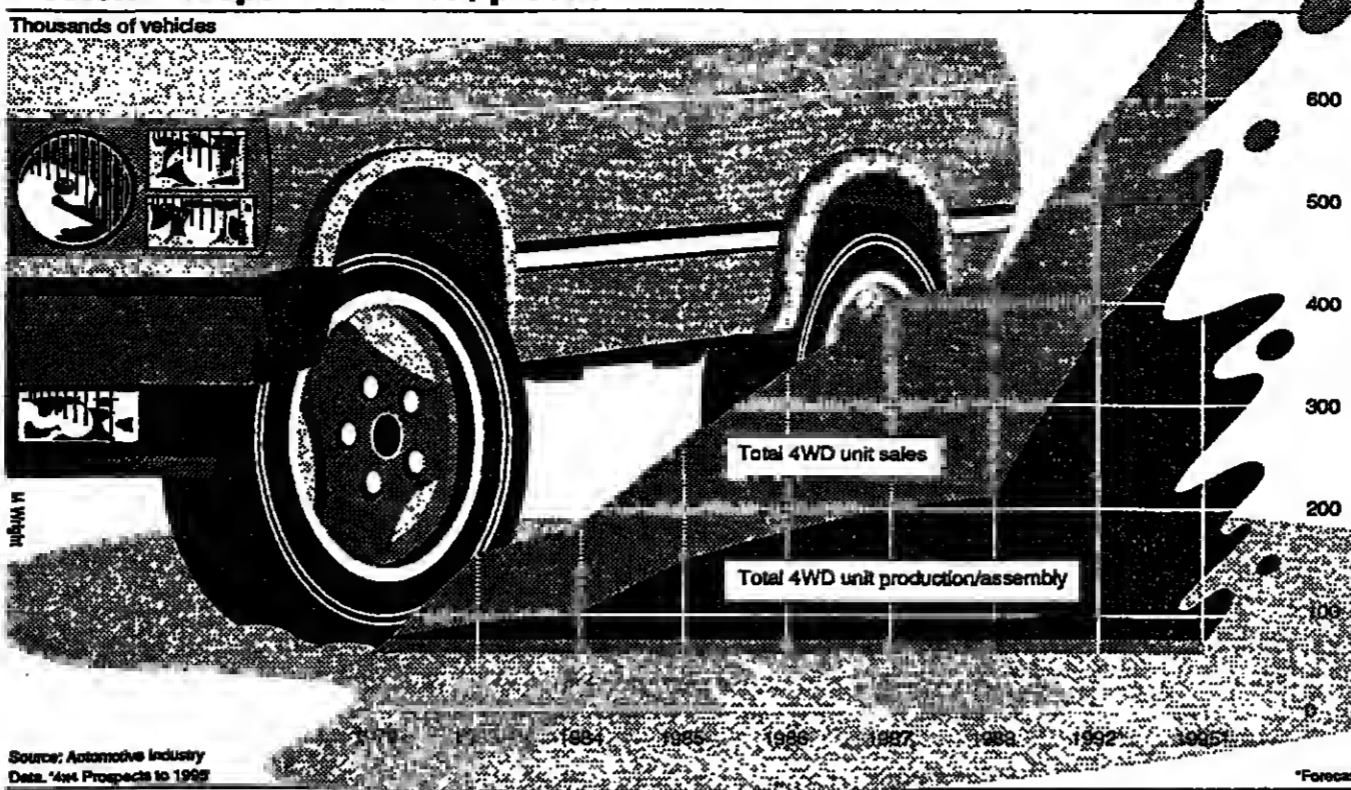
throughout the Western world. Yet they were Western Europe's most popular purpose-built 4wd leisure/utility vehicles last year, with just under 50,000 sold, and one of North America's biggest sellers as well, with 57,000 units sold. This was despite sales being slowed last year by accusations from consumer groups on both sides of the Atlantic that the vehicles were prone to rolling over too easily.

The Scottish ceremony, however, was to launch a slightly larger model, the Vitara, aimed according to Mr Suzuki "at making a breakthrough in the European market by creating a demand that did not previously exist."

The design concept behind the Vitara has been to combine off-road abilities with the on-highway noise levels and ride comfort of a conventional car, wrapped up in a "sporting" styling package. So sure are both Suzuki and General Motors that the vehicle will create an extra market niche for itself that Suzuki plans to build it in Spain at a rate of 24,000 units a year starting in 1990, while output of up to 80,000 units a year - to be badged as the Suzuki Sidekick and Geo Tracker for GM) - has just begun in Canada.

Mr Suzuki's remarks about

Western Europe 4WD sales / production



Source: Automotive Industry Data, 'Aut Prospects 1992'

Four-Wheel Drive

creating demand where none had existed previously sums up much of what has been happening to transform the world market for 4wd vehicles in recent years.

Outside North America in the early 1970s, it comprised essentially a utility and military market, typified by the 40-year-old Land Rover. The birth of the upmarket Range Rover at that time suggested that its manufacturer, Land Rover, was aware that a wider, more fashion-conscious market might exist waiting to be tapped; but most other European vehicle makers ignored it.

Meanwhile, in the wide-open spaces of the US and Canada where off-road vehicles could be used without usually offending environmental interests, the Jeep and other US-produced 4wd machines increasingly became used for recreational purposes as well.

The purpose-built "leisure" 4wd vehicle concept survived the first oil crisis of the early 1970s and mushroomed during the middle of the decade to the extent that, by 1978, US manufacturers were producing twice as many 4wd vehicles as the rest of the world put together.

The boom was brought to an abrupt halt by the second oil crisis of 1979-80 - but not before Japanese producers had realised the potential of the sector and begun offering their own, generally smaller and more economical alternatives to the US domestic product.

The Japanese-built machines were offered in widely varying sizes and formats - including 4wd pick-up trucks which were to go on to become a craze in themselves in North America - as manufacturers like Daihatsu and Suzuki sought to break up the hitherto relatively monolithic 4wd market into exploitable niches.

"This they have done to devastating effect."

■ In developing countries, they used these types of vehicle to gain footholds which later would pave the way for them to capture "conventional" car markets as well.

■ In North America, they started a market fragmentation process which put even the entrenched American Motors Corporation Jeep - owned for the past two years by Chrysler - under severe pressure.

■ In Western Europe, particularly since the early 1980s, they

have created a "leisure" market for purpose-built 4wd vehicles which previously was virtually non-existent, and to which even now there has been little West European response.

West European sales of purpose-built 4wd vehicles, most of them Land Rovers, totalled 39,100 units in 1979. Last year, according to market analysts Automotive Industry Data, more than 265,000 purpose-built 4wds were sold.

Many of them, like the revealingly-named Sportrak model just launched by Daihatsu, will be used much more for carrying children to school, or metropolitan restaurant-hopping, than for travelling cross-country - to which, in any case, there is rapidly mounting hostility from European environmentalist groups.

With the exception of Land Rover, whose various models accounted for 28,000, or 10.6 per cent, of the European total, only a relative handful of sales were accounted for by West European products.

Nearly 76 per cent of sales were of Japanese vehicles, including Suzuki and Nissan models produced in Spain - where further production

expansion is planned. Another 5.2 per cent, or 13,900 vehicles, were AMC Jeep models, distributed by Renault of France. The balance of 4.7 per cent - or 12,400 vehicles - was made up of cheap Niva models built at the giant Togliatti plant of VAZ, the Soviet manufacturer of Lada vehicles.

Romanian-built Dacia 4wd vehicles are also selling in small numbers in the West, and it is possible that the Soviet challenge will increase in the next few years, as a result of perestroika and an increased Soviet hunger to earn hard currency. It is indicative of Soviet ambitions in this direction that L240m is currently being spent on a research and development centre at Togliatti aimed at creating a wider range of world-competitive vehicles.

A belated West European response has begun to Japan's creation of what is in effect a new market in Europe's backyard.

■ Chrysler and Renault are investing \$500m jointly to develop and produce a small, Suzuki-sized leisure/utility 4wd AMC Jeep range which is to be produced in both Europe and

CONTENTS

West European market: 'mature growth after pause for breath'	3
Japan: macho for the masses	3
US sales growth: image of utility - plus comfort	4
Joint ventures: mixed record	4
Trucks: on parade	4
Coming up next: a look at the new models	4
Safety controversy: industry seems unscathed	6
Resale values: second-hand considerations	6
Joint ventures: Sevel; Santana 7	7
How they perform: the tango have been drawn	8
Illustration: Michael Wright	

the US (Chrysler itself bought AMC from Renault) and which they hope will sell at a rate of 100,000 units a year in North America and 50,000 in Europe.

■ Ford has chosen the collaborative route, and is considering a joint project with Nissan.

■ Land Rover will launch an all-new medium-sized model of an upmarket specification at the end of this year. It is aimed at countering models like Mitsubishi's Pajero/Shogun range, more than 30,000 units of which were sold in Western Europe alone last year, and which outsold the Range Rover by almost two-to-one.

The North American industry has fought back against the Japanese onslaught recently. AMC Jeep sales, for example, rose sharply last year, by 21 per cent to more than 253,000 and both General Motors and Ford have seen a recovery in sales of their larger 4wd leisure/utility vehicles like the Chevrolet Blazer (184,000 sales last year) and Ford Bronco and Bronco II (189,000).

Ford, like GM, is choosing to attack in the small 4wd through a joint venture, but this time with its South Korean affiliate producer Kia, which already makes a small car for Ford. The planned vehicle would be built initially in South Korea, but later in North America as well at a rate of up to 70,000 vehicles a year - similar numbers to the GM-Suzuki joint venture.

But the competition is still intensifying: Isuzu and Fuji Heavy Industries, owner of Subaru, are setting up a joint venture plant at Lafayette, Indiana, which will produce sport-utility vehicles to complement Isuzu's existing Trooper range and Subaru's 4wd cars. In talking of the venture, Isuzu president Mr Kazuo Tobiyaama has underlined the market fragmentation theme by saying that Isuzu itself must seek to produce models that are different and of the need for significantly shorter model life cycles - to three years or less in the case of cars.

At the very top end of the market, the UK's Range Rover has been carving out a niche of its own in North America, following its debut there two years ago. Last year's sales reached 3,500 units, despite price tags of \$35,000-plus.

The growth of the specialist

4wd sector, at least during the past year, has not been without hiccups. One major one came with allegations that vehicles of this type are too prone to roll over. While US highway safety authorities refused a demand by one consumer group for a recall of the Suzuki Samurai, the issue of 4wd safety itself is rumbling on, with some US producers also having their vehicles looked at more closely.

And dismay was caused to importers to the US, by far the largest single market for 4wd vehicles, at the beginning of this year when US customs announced a 25 per cent import tariff on them, declaring them to be commercial vehicles. Last month, however, the US Treasury Department partially rescinded the ruling, declaring that four-door models obviously aimed at carrying passengers would be exempt.

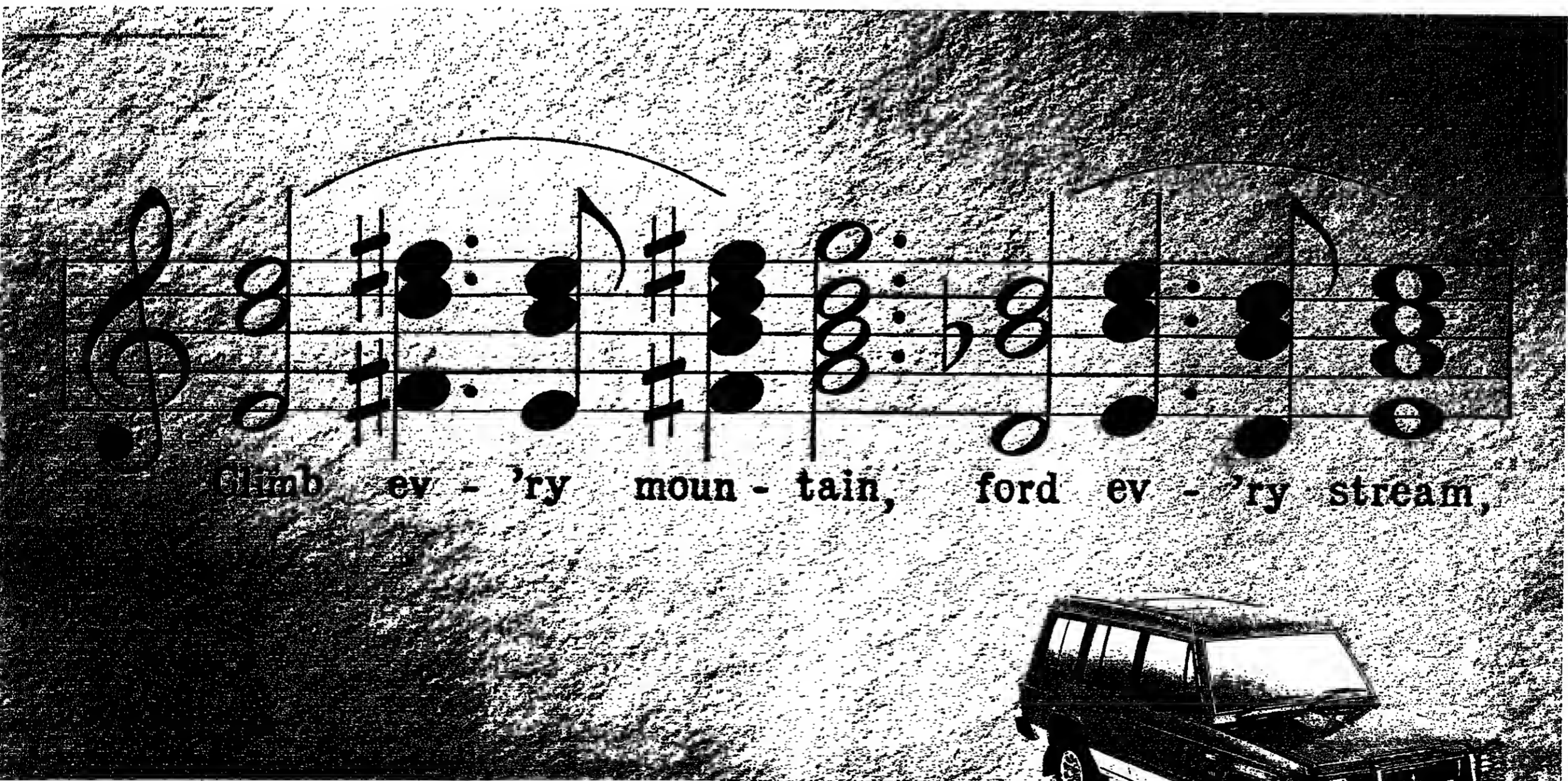
Such blips aside, most forecasts are that growth in the 4wd sector will continue for the foreseeable future in all the world's developed markets, if not at quite the explosive pace of the past few years.

Mr Peter Schmidt, who specialises in the 4wd sector at Automotive Industry Data, sees particular growth for the sport-utility sector, leading to sales of nearly 400,000 units by 1995, compared with 285,000 in 1988. And he projects a doubling of sales in Europe of "conventional" cars fitted with 4wd systems, to around 320,000, compared with just under 160,000 last year.

The ability to travel off-road is considered to be low on the priority list for 4wd. Much more important to buyers, suggest executives of companies like General Motors, whose Opel Vectra medium saloon has just been launched with 4wd in Europe, is the extra roadholding and security offered on wet and icy roads and, lurking in the background, the image of "sophistication" attached to it.

It is in this sector, at least, that European producers have a relatively comfortable position, for the moment at least, vis-a-vis the Japanese.

The region's best-selling 4wd car is a Fiat - the Panda - and only three of the top 10 best sellers are Japanese. That compares with eight out of 10 in the sport-utility sector.



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I see trees of green,
red roses too,
I see them bloom for me and you,
and I think to myself,
What a wonderful world.

I see skies of blue and clouds of white,
the bright blessed day, the dark sacred night,
and I think to myself
What a wonderful world.

The colors of the rainbow,
so pretty in the sky
are also on the faces of people going by,
I see friends shakin' hands,
sayin' "How do you do!"
They're really sayin' "I love you,"
I hear babies cry,
I watch them grow
They'll learn much more than I'll ever know,
and I think to myself
What a wonderful world.
Yes, I think to myself
What a wonderful world.

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FOUR-WHEEL DRIVE 4

Karen Zagor on sales growth in the US, by far the world's largest market

An image of utility - plus comfort

THE LAUNCH of Suzuki's Samurai in November 1988 can take credit for almost single-handedly spawning a new breed of four-wheel drive owners in the US...

choices are based entirely on two things appearance and advertising. He adds: "The end-result of image advertising is a general lack of distinction not only between one 4x4 and the next, but between a 4x4 and a car."

tional Jeep workhorse into a less strictly utilitarian vehicle, called the Wrangler. "In terms of strength, scale and suspension, the Wrangler is in every way the 'Real' 4x4 rather than a toy. It is the modern-day descendant of the Army mule."

A modern descendant of the Army mule, 'full of spit and vinegar'

The dip in Samurai sales probably has less to do with the aftermath of the Consumers Report story than the fact that the sports vehicle market is now saturated with new machines. Suzuki has launched the Sidekick and has joined forces with General Motors to introduce the Geo. Isuzu has introduced the Amigo. Meanwhile the Wrangler, Chrysler's redesigned Jeep, shows no sign of forfeiting its market share.

glers were sold, an increase of 36 per cent from the previous year. The average buyer of the lower series Jeep is 25-26 years, with an annual income averaging \$28,500. About 80 per cent of Wrangler buyers are men, and for most of them the Wrangler is their only car.

ally, the Japanese sports utilities have been imported without their back seats, thereby entering the country as trucks instead of cars. Although the importers paid a hefty import duty of 25 per cent, they avoided the Japanese 2.3m ceiling of passenger car imports to the US. In January last year the US Customs Service said it would classify these Japanese sport utility vehicles as cars.

Furthermore, a growing number of Japanese vehicles are being produced in US plants and are therefore not subject to import restrictions or tariffs.

Although sales of light trucks outpace sales of four-wheel drive cars by more than 25 per cent, the car sector is growing steadily. In 1987 all wheel drive passenger car sales rose 2.5 per cent to a record 131,924. If the rate of growth for 1988 remains constant, there should be more than 132,300 sold.

Americans can now choose four-wheel drive cars from Audi, BMW, Ford, Honda, Mazda, Mitsubishi/Chrysler, GM, Subaru, Toyota and VW. And Mr Steve Campbell, editor of Petersen's 4 Wheel Drive and Off-road magazine, predicts that by the end of the millennium four-wheel drive will be a standard feature of US cars because of its safety on slippery roads.

Table with 3 columns: Year (1989, 1987, 1988) and various car models (Audi Quattro, BMW 325iX, Chrysler Vista, etc.)



The Cherokee - the star of Jeep's stable - can be used as a family car

John Griffiths assesses joint ventures

It's a mixed record

AS RECENTLY as the late 1970s, there was little more than a handful of purpose-built four-wheel drive vehicles, and they were bought mainly by users of necessity, such as farmers, foresters and veterinary surgeons.

The Western industry has begun belatedly to fight back

ing on their successful light commercial vehicles joint ventures, Sevel, with the launch of jointly-developed 4wd van ranges.

while Daimler-Benz sells the 6,000 or so a year which are produced.

vehicle production (following Toyota's intention to follow Nissan in setting up car assembly) in the form of an Isuzu 4wd sports/utility vehicle, launched in the US recently as the Amigo.

It is indicative of the blurring of the edges between manufacturers which has already taken place as the industry globalises that IBC is 60 per cent owned by GM and 40 per cent by Isuzu, but with management control resting mainly with Isuzu; and that GM owns just over 50 per cent of Isuzu itself, as well as having a 5 per cent stake in Saab.

For a long time the European motor industry - and to some extent that of North America, where domestically-produced 4wd machines were already in fairly widespread use - felt able to ignore the mainly smaller vehicles being churned out by the likes of Suzuki and Daihatsu because the numbers involved were relatively small, particularly in Europe, compared with mainstream cars and light commercial vehicles. So the latter continued to dominate their attention.

By 1988, however, 200,000 of the small Suzukis alone had been sold in the US, while annual sales of sport/utility 4wds in Europe were on their way to a quarter of a million units a year.

Confronted with the prospect of being excluded almost entirely from an emerging market of possibly major importance, the Western industry has begun belatedly to fight back. Such are the costs of developing new vehicles, however, that the fight-back usually takes the form of joint ventures, either between Western companies - or a US or European company in collaboration with the Japanese.

Two months ago, one of the more significant ventures of the first type was concluded between Renault, the French state-owned vehicles group, and Chrysler of the US, to whom Renault sold its interests in AMC, maker of the "real" Jeeps (Chrysler takes the term being used as a generic).

The new vehicle, code-named JJ, will enter production in 1992. It will be built by Chrysler in North America and Renault in Europe - almost certainly at a site in France - with both plants under the control of a joint venture management team.

On the commercial vehicles front, Fiat and Peugeot are in the process of further capital-

joint ventures with the Japanese are rather more common in the 4wd sector, although for most it is too early to establish the extent to which the Western partners may benefit in terms of such aspects as "local" content. (Although, as a possible guide, European content of Suzuki SJ models produced at the Land Rover Santana plant in Spain is claimed now to be higher than 50 per cent.)

In Europe, one of the potentially most significant ventures with the Japanese is an advanced stage of negotiation, although it has yet to be announced in any concrete form. It involves a joint development and production venture between Ford and Nissan, aimed at providing both companies with a new 4wd leisure/utility vehicle for sale throughout Europe.

The expectation is that it would be built at Nissan Motor Iberica's plant in Spain, and be entirely complementary - and thus probably considerably smaller than - the Nissan Patrol 4wd already produced there.

On a smaller scale in Europe, production is about to start on a joint venture vehicle involving Italian design houses Bertone and Daihatsu of Japan. Bertone's plant at Grugliasco, near Turin, is to make 3,000 units a year of a vehicle comprising Daihatsu's Fourtrak light 4wd model fitted with a BMW engine. It will be called the Freeclimber and is expected to be sold mainly in West Germany, where Daihatsu is setting up its own marketing company, Daihatsu Deutschland, at Krefeld.

On a potentially larger scale, the UK looks increasingly likely to be the site for yet further Japanese-based

Production is to begin this month at a new joint venture facility at Koperovici, in the Canadian province of Ontario, of what is being marketed by GM as the Tracker. Distribution through its Geo franchise.

It will be recognised by Europeans, however, as the just-launched Suzuki Vitara, a 1.6 litre vehicle which is a small step up in size from Suzuki's subcompact SJ range.

The Japanese plant which has a capacity of 200,000 units a year is being operated by GM's Automotive Services subsidiary of Suzuki and a Canadian subsidiary of GM.

It is planned to produce eventually a total of 50,000 units a year to be shared between GM and Suzuki, which will sell the vehicle through its own North American network as the Sidekick.

The rest of the capacity is expected to be filled at a later date by production of a small car, to be sold by GM as the Geo Sprint.

Initially, engines and other high-value components are being imported from Japan, thus seeming to provide ammunition for those who protest that Japan tends to keep too many high-tech, high-value components to itself. However, according to a GM spokesman, the target is to move to 75-80 per cent content very quickly from its initial 60 per cent.

But it is by no means an all one-way street. For example, Isuzu has decided that in future it will buy engines for its 4wd cars and pick-ups from GM - even for those vehicles Isuzu is producing for itself in Japan.

THE LARGEST contract for trucks in the next five years will be for four-wheel drive four-tonne payload vehicles ordered by the British Army. This contract has brought energetic activity to a largely dormant sector of the truck market and new vehicles have been specifically developed to meet the Army's demands. Until this contract, old designs abounded.

The 4x4 truck has traditionally been sustained by military orders in the UK and overseas. Public utilities buy these all-terrain vehicles in small numbers for specialist tasks - AWD sells no more than 60 a year. Thus, the numbers are both modest and too small ever to justify the high development

costs for a purely civil four-wheel drive truck of this type. The British Army contract will initially be worth about £125m for a total of 5,100 trucks. However, the truck makers involved in an intense battle for success see this as just the tip of the iceberg.

The Armed Forces currently operate up to 70,000 4x4 trucks which will ultimately have to be replaced and all three contenders - AWD, Leyland DAF and Volvo - believe that approval from the Ministry of Defence, following exhaustive trials with 24 prototypes, will ensure that large export orders from foreign armies follow.

Since the Second World War Bedford has made every 4x4 British Army truck. The purpose-built Perkins diesel, like AWD, as an alternative to its own Swedish power unit, thereby raising the local content of its truck. With perfect timing, Volvo also won a £2m contract to supply the Swedish Air Force with 63 Highlanders.

AWD recently flew one of its latest ML prototypes to Singapore for a six-month evaluation by the Singapore armed forces, which plan to buy 1,000 vehicles. However, it is widely

British Army contract should lead to overseas orders

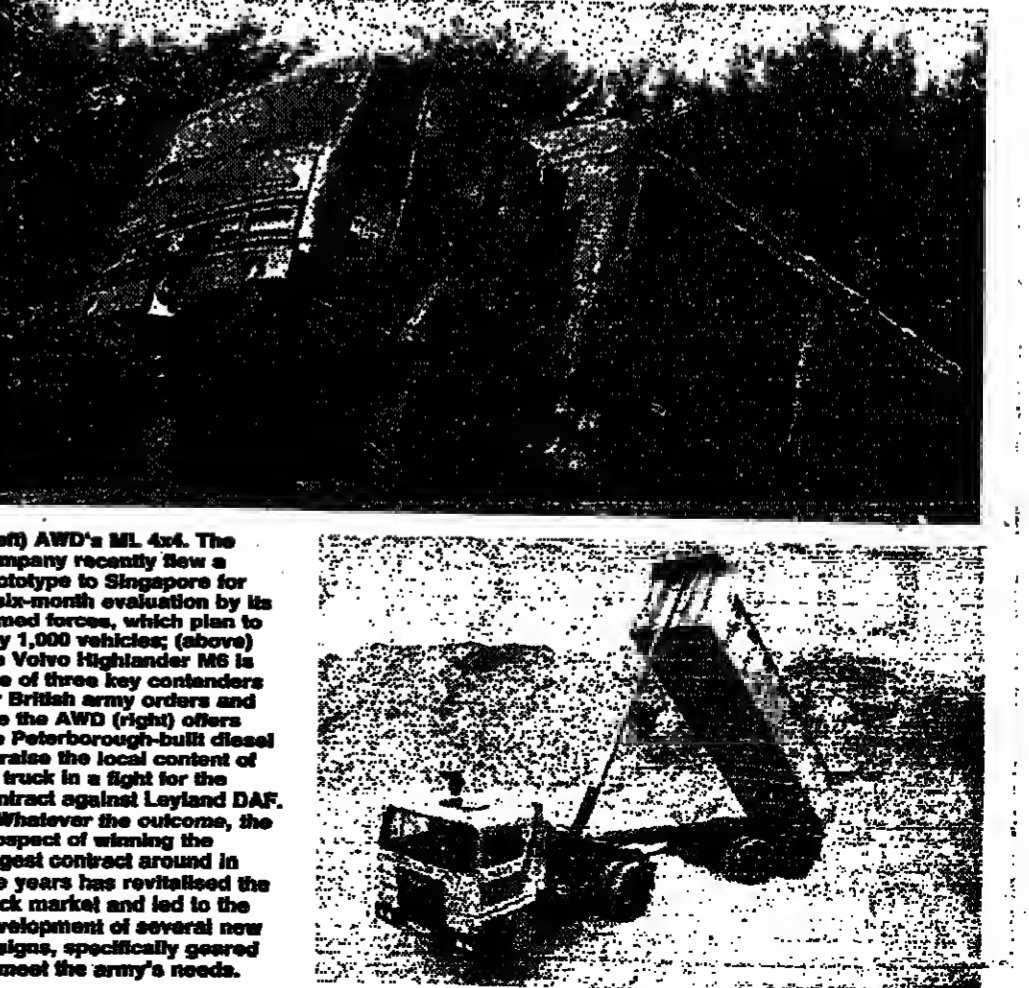
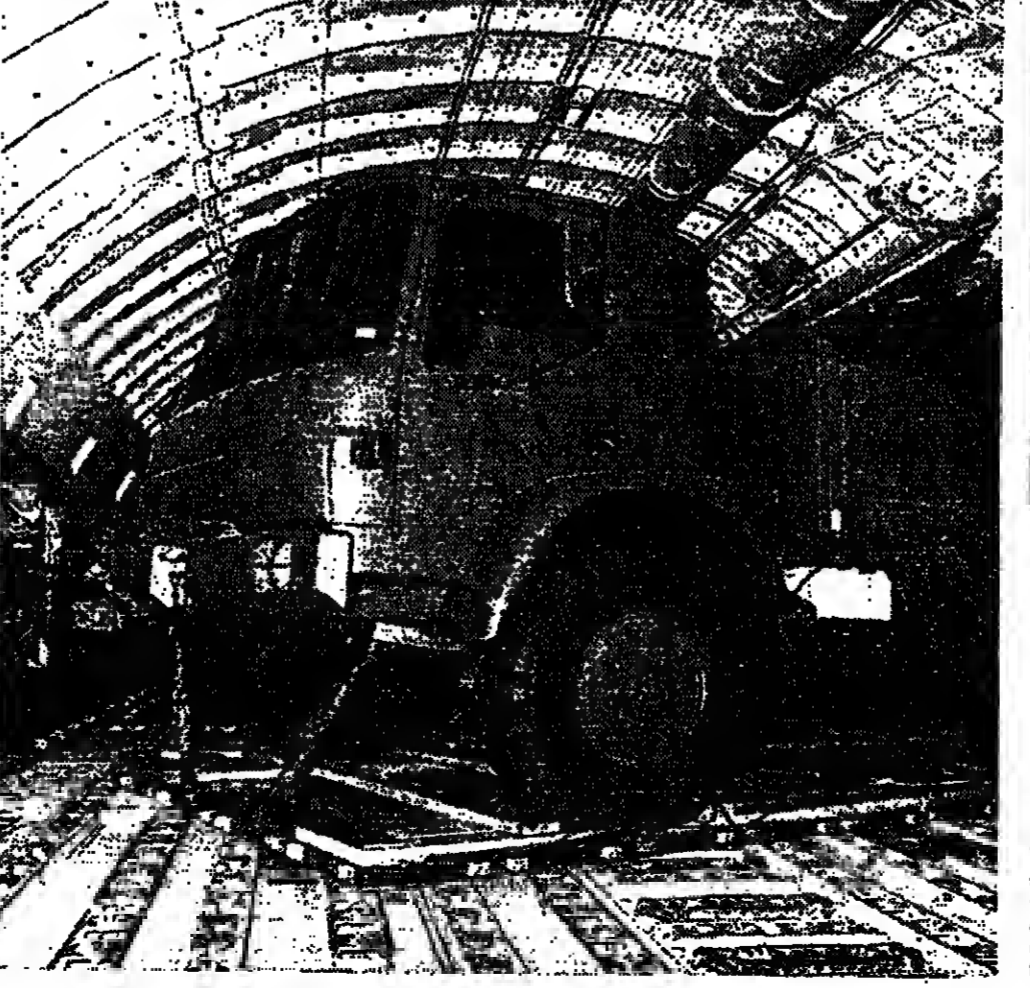
The trucks go on parade

accepted that expert orders will not be racked up until the (notably fair) MOD trials are completed and the final decision announced, probably before June when a contract will be placed.

Alongside AWD's ML 4x4, perhaps the least modern of the contenders, it is interesting that the MOD is evaluating the extraordinary Multidrive vehicle which the AWD and Multidrive sister companies

owned by Mr Brown believe will enable the British Army to have a range of all wheel drive trucks with a payload of up to 25 tonnes.

stable when tipping than a normal artic because its central box-frame chassis is much stiffer. It is no ordinary chassis. A jointed propeller shaft takes the drive from the tractor unit's drive axle to the twin axle bogey that bears the main weight of the truck's load.



(Left) AWD's ML 4x4. The company recently flew a prototype to Singapore for a six-month evaluation by its armed forces, which plan to buy 1,000 vehicles; (above) the Volvo Highlander M6 is one of three key contenders for the British Army contract and like the AWD (right) offers the Peterborough-built diesel to raise the local content of its truck in a fight for the contract against Leyland DAF. Whatever the outcome, the prospect of winning the largest contract around in five years has revitalised the truck market and led to the development of several new designs, specifically geared to meet the army's needs.

likely to be widely used by the British Army.

life off-road. Conventionally, these have been six and eight wheeler rigid chassis trucks as they offer better stability than articulated vehicles, though they have the disadvantage under UK legislation of a gross vehicle weight limited to 30.5 tonnes. An artic can be 38 tonnes gross.

Mr David P Brown Jr, Multidrive's chief executive, explains that the four-axle articulated Multidrive is more

added to its compact turning circle, the articulation with the trailer means the vehicle is better able to tackle severe undulations than a long rigid chassis. Mr Brown is optimistic about its prospects. "I believe that the MOD has been very impressed with the vehicle," he says.

Outside the military field, Multidrive has delivered fewer than 150 vehicles. However, Mr Brown expects this to rise steadily as the company develops models based around all the popular makes of tractor unit.

Daniel Ward

John, Jane & Co



The Audi Coupé quattro. Occasionally available with three-wheel drive.



THE AUDI COUPÉ.

Don't worry, the engineers at Audi haven't brought out a serious competitor to the Reliant Robin.

Our three-wheel drive is, of course normally a four-wheel drive system.

The three-wheel drive, however, operates in certain situations.

For instance, in extreme conditions which are so treacherous that the differential locks are engaged, this is what happens if one rear wheel hits ice:

The drive system automatically, and in a fraction of a second, splits the power to keep the remaining three wheels in traction.

The differential is called Torsen, or torque-sensing. (A tongue twister and a torque twister.)

For the non-technically minded, it simply means that the car is less likely to lose its grip even when conditions vary enormously.

For the technically minded, it can be summed up in the following three words.

VORSPRUNG DURCH TECHNIK.

FOUR-WHEEL DRIVE 7

Martin Derrick looks at an Italian joint venture in light commercial vehicles

Fiat and Peugeot renew faith in Sevel project

IN A bid to take the initiative in European light commercial vehicle production, Fiat and Peugeot announced ambitious plans late last year to double the capacity of their Sevel joint van manufacturing venture based in Southern Italy.

Between them, Fiat and Peugeot are investing £319m in order to increase production from just over 100,000 in 1987 to over 200,000 by 1994-85. This will be done by expanding the two existing plants in Italy at Val di Sangro and Pomigliano and by introducing a new production facility at Valenciennes in Northern France on the site of an old Talbot factory.

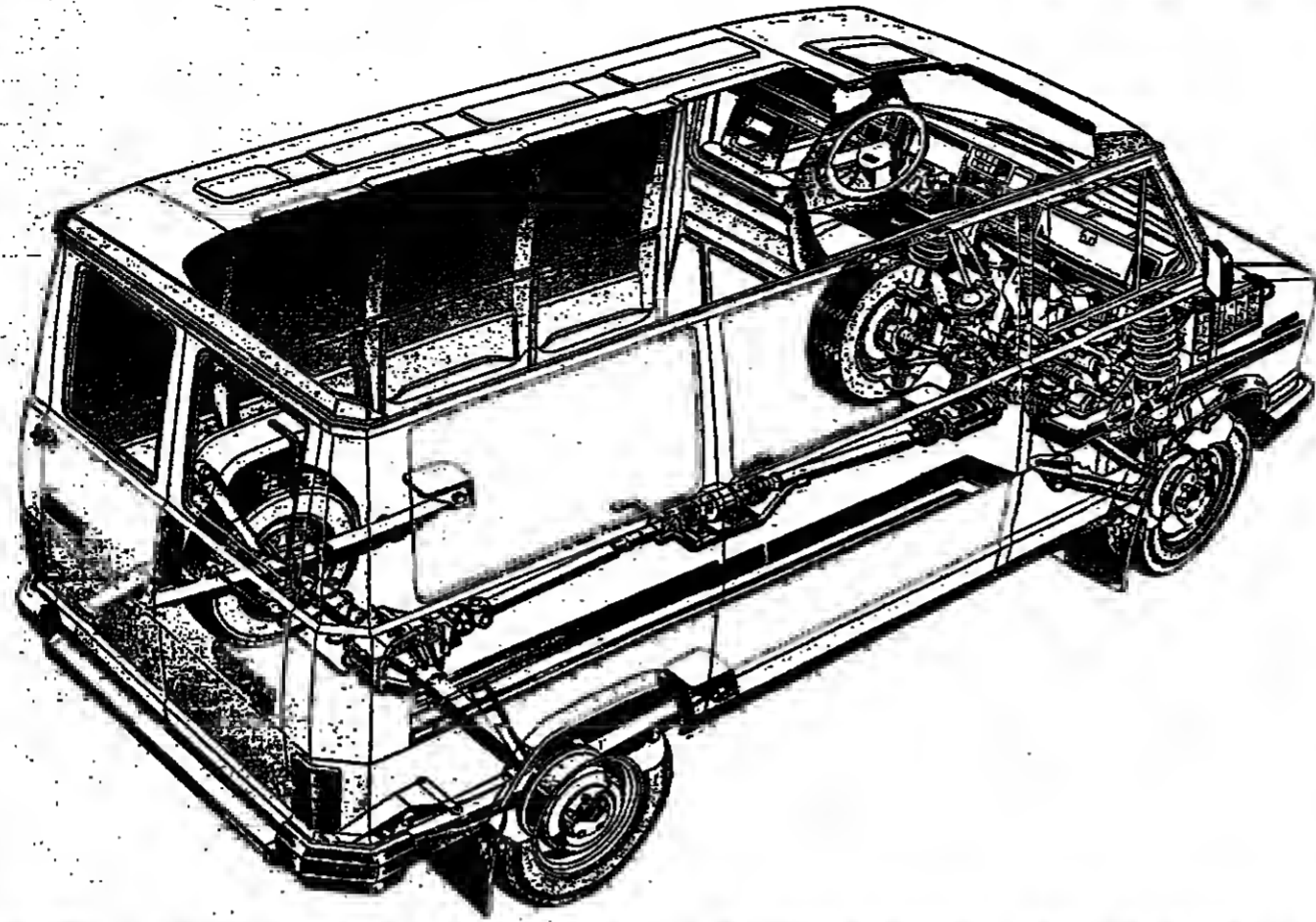
The Sevel (European light commercial vehicle company) venture was launched towards the end of the 1970s to allow

There are already more than 200 versions of the Ducato and other vans to suit different needs and different markets

both Peugeot and Fiat to develop a new range of light commercial vehicles at a time when neither company had the sort of resources available for investment in new products that they have now. As such, a joint venture seemed the most sensible way forward.

By the end of 1987, Sevel had increased output to 17.2 per cent of West European van production, putting it in third place behind VW (19.8 per cent with the Transporter) and Ford (21.5 per cent with the Transit).

At the time the recent increased investment was announced, Fiat and Peugeot said that not only would overall production volume be



(Left) An inside view of the Ducato four-wheel drive now being produced by Fiat and Peugeot in Sevel, Italy and (above) the completed vehicle in one of its many versions

increased, but also that new models would be developed in both Italy and France from the existing product ranges. Currently the Sevel operation produces the Fiat Ducato, Peugeot J5, Citroen C25, Talbot Express and a few Alfa Romeo badged vans which are sold mainly to the Italian police and military.

"Introducing new models and variants, Sevel will be adding to an existing range that already extends to over

200 versions of the Ducato and other vans to suit different needs and different markets.

One area of likely significant development is in four-wheel drive. Earlier this year Fiat launched a range of Ducato four-wheel drive derivatives and, in doing so, stole a march on its partner since Peugeot has not yet brought its four-wheel drive van to the market.

According to Mr Manfredi

Incisa, director of Fiat's light commercial vehicle marketing division, the Ducato 4x4, far from being a one-off, is the first of a number of four-wheel drive models from the Fiat group. "Fiat's policy is that every new vehicle should have a four-wheel drive derivative," he says.

The technical solutions employed will vary according to the sort of vehicle, so Lancia's and Alfa Romeo's predom-

inantly high performance cars will tend to have a different 4x4 system than that offered on Fiat cars; and different again from that offered on light commercial vehicles, says Mr Incisa.

However, that does not mean that light commercial vehicles - often the poor relations in a large motor group - will get a four-wheel drive system that is necessarily less sophisticated. So the Ducato 4x4's engineers

have chosen a permanent 4x4 arrangement incorporating a Ferguson viscous coupling.

"We tested a switchable part-time 4x4 system for the Ducato but our technical department was not satisfied with its performance. This permanent system is modern, not too expensive, and is especially good from the customer's point of view," says Mr Incisa.

On the Ducato 4x4 drive is taken from the five-speed gearbox to the front differential. From there a two-section transmission shaft, incorporating the Ferguson viscous coupling at the centre, takes the drive to the rear wheels via a limited slip differential.

The special component in the transmission - the viscous coupling - splits the available torque automatically between the front and rear axles according to the different grip. So if the front wheels start losing traction, more torque will transfer to the rear of the van and vice versa.

What this means, claims Fiat, is that when comparing the Ducato 4x4 with the corresponding 4x2 version on wet,

muddy or snow-covered surfaces, the four-wheel drive vehicle can negotiate a significantly steeper gradient. It will also be able to maintain progress where a two-wheel drive vehicle would grind to a halt. In addition, Fiat says there have been improvements in straight-line stability, driveability and roadholding for the 4x4, together with better braking and standing starts.

The markets Fiat has in mind for the Ducato 4x4 are mainly in or around the Alps. According to Mr Incisa, it is "the ideal vehicle for all uses high in the mountains or on unmade roads. From hotel services, to electric cable maintenance, to forestry services and civil defence, but it is also ideal for leisure pursuits and for facing winter's hazards without tears in complete safety."

Assessing the potential for 4x4 commercial vehicles is not easy because up to recently, none was available from any volume manufacturer. As more manufacturers start to offer four-wheel drive, so the market will develop, says Mr Incisa.

The Ducato 4x4 goes on sale first in the UK, Germany and Finland and later this year catalyser-equipped models will be launched in Switzerland and Austria, which are likely to be

the two biggest markets. Fiat expects to sell between 2,500 and 3,000 Ducato 4x4s a year in Europe initially. "That is a low forecast but if there is any sudden growth in the market for these vehicles, we will certainly be able to respond to that growth and boost production."

In the UK, the emphasis is almost entirely on the leisure market. Mr Nick Spratley, Fiat UK's light commercial vehicle marketing manager, says it is currently a very small market which is why in 1989 Fiat expects to bring in only 45 to 50 Ducato 4x4s into Britain, at a premium of around £2,000 over and above the equivalent price for 4x2 versions.

Fiat will be part of a small vanguard, along with Renault and VW, forming and then expanding this new marketing niche

However, he emphasises that Fiat is not alone in introducing four-wheel drive light commercials. Along with Renault's Traffic 4x4 and VW's Transporter Syncro, Fiat will be part of a small vanguard forming and then expanding this new marketing niche, he says. Bedford and Peugeot also have plans to introduce 4x4 commercials in the near future.

"My gut feeling is that initially at least, 60 to 70 per cent of Ducato 4x4 sales will go into the leisure area, though we will be researching the pure commercial business market too," says Mr Spratley.

The Santana project in Spain

A switch of drivers



The Suzuki Vitara Metal Top JLX

SUZUKI, the Japanese vehicle maker, is gradually strengthening its grip on Land Rover Santana, the publicly-traded Spanish producer of four-wheel drive vehicles.

It is still unclear what role British Aerospace - through its Rover Group subsidiary - intends to play in the company in the future, but the fact that it failed to subscribe to a recent rights issue indicates that its ties with the company are weakening.

Land Rover Santana recently completed a one-for-three rights issue to raise Pta 3bn, which was underwritten by Suzuki. As a result of the share issue, Suzuki has lost-fropped Rover and has become the largest single shareholder, increasing its share of the equity from 20 to 31 per cent. At the same time, Rover Group's stake has diminished to only 22 per cent from the previous 31 per cent.

There has been repeated speculation that Suzuki will buy out the stake from Rover Group, with which Land Rover Santana does not have a particularly close relationship. According to a recent report from County NatWest Woodman, the stockbroking arm of the NatWest investment bank, "there is ample scope for Suzuki and Land Rover Santana to cement a relationship similar to that of Nissan and Motor Iberica."

Spain's Nissan Motor Iberica, in which Nissan Motor, Japan's second largest automotive group, holds a stake of around 70 per cent, has become the Japanese vehicle maker's bridgehead in West Europe for the production of light commercial and four-wheel drive leisure/utility vehicles.

Land Rover Santana production in 1988 was virtually unchanged at 53,445 compared with 52,869 a year earlier. The marginal decline was due to a small drop in output of Suzuki vehicles following the scares last year about the stability of the Suzuki SJ 410 and 415 series.

In June last year the Consumers' Union of the US launched an attack on the safety of the Suzuki four-wheel drive vehicles, claiming that they rolled over too easily. This was followed by similar

allegations in the UK where the Consumers Association joined the US organisation in calling for a ban on further sales.

Suzuki denied that the vehicles were dangerous and said that the "wheel-lift" tendencies during cornering were due to excessively rigorous testing. Its stance was later backed by the authorities in both the US and the UK, which rejected the consumer groups' calls for a recall of the models, but some damage had already been inflicted in the market place with sales weakening in both Italy and the UK. Land Rover Santana's most important export markets.

Suzuki sales have since rebounded in Italy and Spain. According to County NatWest, sales in Italy reached 978 units in January, the highest monthly sales since July 1987, and Santana is reporting higher orders from dealers. This change in demand and in orders has brightened the outlook for Land Rover Santana - and the company is arguing that the third quarter was a one-off decline, not the sign of long-term problems.

Production of Suzuki four-wheel drive vehicles by Land Rover Santana in Spain fell by 3.4 per cent last year to 22,362 from 23,158. The Suzuki vehicles still accounted for the lion's share or close to 80 per cent of the company's production, however.

Moreover, Suzuki production at Land Rover Santana is scheduled to increase by more than 100 per cent as facilities are installed to build a second four-wheel drive model range. Suzuki is planning to build 24,000 Vitara vehicles at the Santana plant starting in January 1990. The L6 Iltre vehicle is intended to complement the smaller Suzuki SJ 410 and 415 series.

Suzuki sells 130,000 vehicles a year in West Europe and Vitara sales are likely to be substantially in excess of the 24,000 a year to be produced in Spain. European demand for the vehicle, which was launched last year, will be met initially by imports from Japan where Suzuki is building the Vitara at a rate of 160,000 units a year. The European content

of Suzuki's Spanish-built vehicles is around 60 per cent.

The proceeds of the recent share issue are largely earmarked for the increase in capacity necessitated by the introduction of the Vitara range.

According to County NatWest, the company argues that it will "substantially boost" profits in both 1989 and 1990.

The Land Rover Santana vehicle plant is located at Limares in the province of Jaen, Soma Pta 12bn is being invested in the plant from 1986 to 1991 which should more than double the plant's capacity for building Suzuki vehicles to well in excess of 41,000 a year. A major item in the expansion is the building of a new Pta 4bn paint shop, the most significant production bottleneck. This should be completed by mid-1989.

Santana also has a machine shop for making aluminium castings in Manzanares.

The company has an exclusive licence for European production of the Suzuki four-wheel drive vehicles and the right to market the vehicles in Spain, Portugal, France, Italy and Greece. In the UK the distribution is shared 50-50 between Santana and Suzuki.

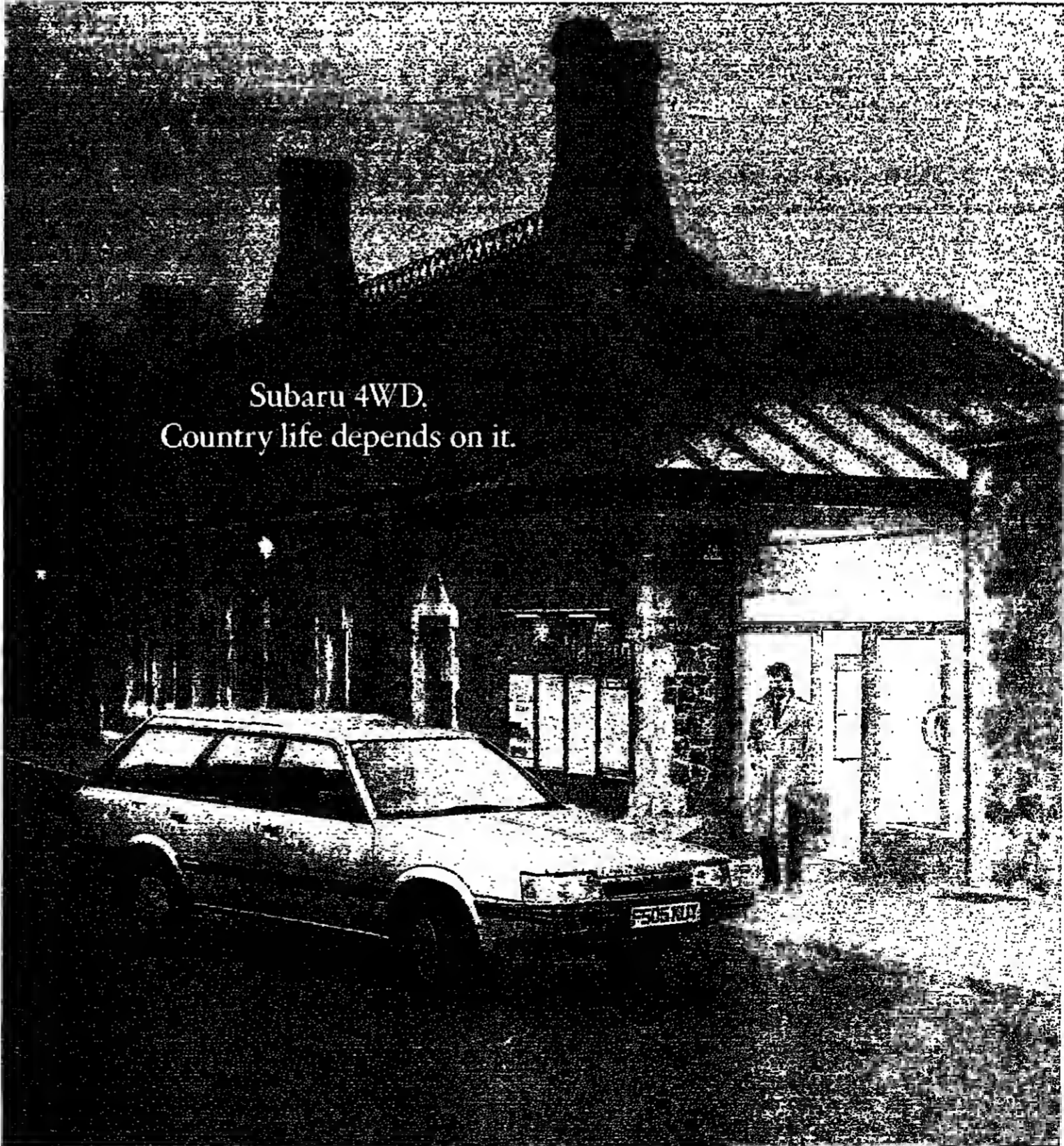
Production of the Suzuki vehicles in Spain began only in 1986, but they have quickly taken over from Land Rover as the company's principal product line. Land Rover production - Santana produces an older model range than those produced in the UK - has fallen from more than 18,000 units a year in 1983 to only 6,063 in 1988.

That was a slight increase in output, however, from the 5,504 vehicles produced in 1987. But while output was higher, sales of the Land Rover models declined both in the domestic Spanish market - to 4,022 from 4,305 in 1987 - and abroad. Exports of the Land Rover vehicles fell to 2,075 from 2,634.

Overall sales of the Suzuki models dropped in Spain to 7,336 from 7,712 in 1987, while export sales fell more heavily to 14,072 from 15,783.

Kevin Done

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At the end of the day, at the end of the line, the Subaru 4WD Estate is a car you can count on. Come rain, ice, snow or shine.

Just the ticket for those who live in the country but can't afford to be stuck in it. Safe in the knowledge that every

4WD Subaru gives you added traction whenever the need arises, over muddy track or rain-greased motorway. Utterly civilised, Subaru estates

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FOUR-WHEEL DRIVE 8

Stuart Marshall, Motoring Correspondent, puts some of the leading market contenders through their paces

On or off the road, the fangs have been drawn

A PARADOX of the four-wheel drive market is that most of the buyers of the high clearance on-off road type never begin to exploit their capabilities.

Equally, those who drive the latest road-going cars with full-time four-wheel drive are probably unaware how much their safety threshold has been raised.

There is no more dramatic an illustration of how four-wheel drive aids car control than the latest Porsche, the rear-engined 911 Carrera 4, which was designed around all-wheel drive transmission. Its performance is on a par with that of the fiercest Porsche of all, the 911 Turbo. But its fangs have been drawn.

Whereas a 911 Turbo will metaphorically (and sometimes literally) take an inattentive or insensitive driver backwards through the hedge, on wet days especially, the Carrera 4 cares well for the less than skilful.

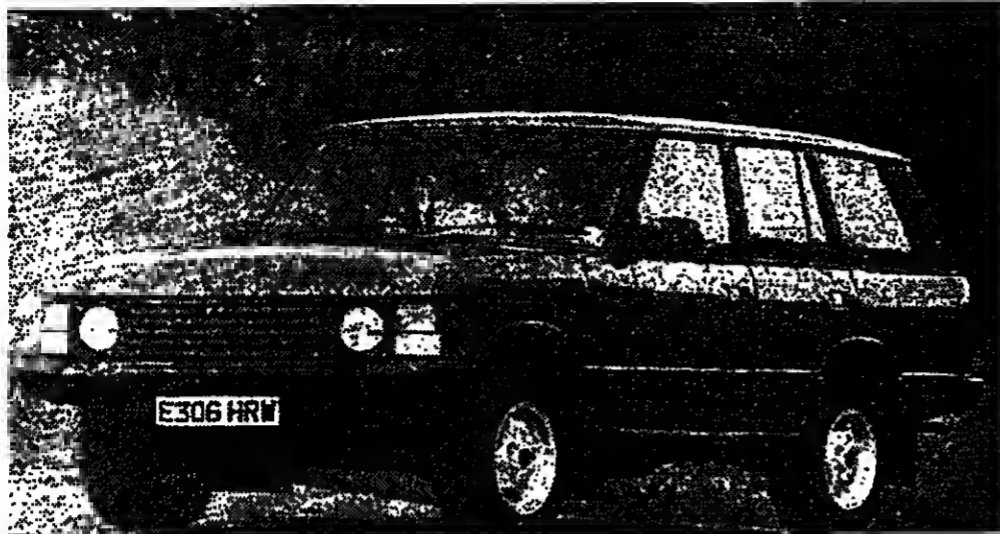
Spreading the engine's torque (pulling power) among four tyre contact patches, instead of two, has a wonderfully calming effect on any car of high power-to-weight ratio. Equally, in the harsh world of international rallying, it is no longer possible to be competitive without the traction of four-wheel drive.

The Porsche Carrera 4 is perhaps an extreme example. But the principle applies equally to such cars as the Audi V8 and all other Quattro models; the Mazda 323 Rally (with 16 valves and a turbo-charger); the Toyota Celica GT-Four; and many others of the growing band of full-time, four-wheel driven, road-going cars.

In effect, four-wheel drive de-skills winter driving. It becomes unnecessary to nurse a car gently away from a standstill, or tip-toe round corners for fear of breaking tyre grip by applying too much power and losing control.

There is no consensus among manufacturers about how the power should be divided between front and rear axles, and how much control the driver should be allowed over the transmission.

The original Quattro divided the torque 50-50 and gave drivers the option of locking



The Turbo Diesel version of the Range Rover, which retains its popularity on mainland Europe, still sets the standard for luxury on-off road vehicles

the central and rear differentials to maximise traction in the severest conditions.

Ford took a different view. When it adopted a more sophisticated form of all-wheel drive for the Sierra and Granada (Scorpio), it decided to bias the power distribution roughly 33 per cent to the front, 66 per cent to the rear. In that way, the handling balance of a rear-wheel driven car was retained.

Instead of a mechanical centre differential, Ford used a viscous coupling of a type patented many years ago by Harry Ferguson, the Ulsterman whose lightweight tractor and three-point implement linkage revolutionised agriculture.

This either slips or locks according to traction requirements. If the front tyres are finding more grip than the rear ones, then more than 33 per cent of engine torque is fed to them. In theory, it is possible for nearly all the torque to be fed to the front or rear wheels, as the case may be.

Volkswagen takes a similar attitude to Ford except that the Syncro transmission of its Golf has a front axle bias, making the car feel as though it were front-wheel driven, as a Golf is expected to be.



Mitsubishi's latest Shogun V6 rivals the Range Rover on road and across country. Comprehensively equipped, the Japanese vehicle is considerably less expensive than its UK competitor

The driver has no control over the viscous coupling, which is entirely automatic. In practice, this is probably the best arrangement because if mechanical centre and rear differentials were left locked

unnecessarily, it could lead to handling problems.

Mercedes-Benz goes one stage further with its 4-Matic transmission which combines the virtues of both selectable and full-time four-wheel drive,

at the cost of some complication.

The rotational speeds of front and rear wheels are monitored electronically. When the rear wheels start to slip, however slightly, front wheel

drive is engaged.

Then, if necessary, the centre and rear differentials are locked. As soon as traction is regained, first the differentials, then front wheel drive, is disengaged. It all



Daihatsu's new Sportrak EL will be bought mainly as a family's second car and used as a runabout. But it goes across country like a tough off-road machine

happens instantly and several times a second if need be.

Drivers of cars with 4-Matic are aware of none of this. Only a glowing light on the fascia indicates that the road is slippery and they should be cautious.

Mercedes-Benz's attitude is that all-wheel drive - and the near-essential ABS brakes that go with it - are not provided to permit higher speeds in difficult conditions but to make the car safer at normal speeds.

Driving over really rough terrain - or even off tarmac at all - is something relatively few owners of on-off road vehicles, especially luxury ones like Range Rovers, ever experience.

It is a stimulating experience. The rules are quite different. In some ways, it is more like riding a horse than driving a car.

To tackle an obstacle you present your vehicle at it straight and in the correct gear. Having chosen your path, you spur it on with the right amount of power and then check its progress while you look for the best way to surmount the next obstacle.

Skilled off-road drivers have one aim: to get where they

want to go and back again without getting stuck or damaging their vehicle. They do not go quickly on rough terrain.

They never touch the brakes, especially on steep and slippery downgrades. The vehicle is held back by the drag of the engine, acting equally on all four wheels, providing it is in the right gear, and they never allow their thumbs inside the steering wheel rim - a sudden jolt could dislocate them.

It is all completely different from the TV producer's idea of off-road motoring. Seeing daylight under wheels may be good television but a tyre grips only when it is in contact with the ground.

Manufacturers of on-off road, four-wheel drive vehicles have had to develop products that will be used mainly, if not entirely, as substitutes but must still behave well when taken across country.

They have been remarkably successful. The Range Rover has always been renowned for its cross-country mobility combined with more than acceptable comfort on hard roads. When launched nearly 20 years ago, it had no rivals but now it has several.

One is the latest Mitsubishi Shogun (Pajero) with a 3-litre, fuel-injected V6 engine, independent front suspension and coil-sprung rear axle. It compares well with a Range Rover for road-going performance and refinement and costs much less. The Isuzu Trooper is another import offering close to Range Rover amenities at not much more than Land Rover prices.

The Japanese makers have particularly excelled in making diesel engine on-off road vehicles as pleasant and nearly as quiet to drive as their petrol powered counterparts.

Newcomers such as the Suzuki Vitara and Daihatsu Sportrak, with 16-valve petrol engines, offer a Range Rover level of sophistication on a smaller scale and at less than half the price.

They cannot, of course, pull two hunters to a meet, as a Range Rover will. But they look fashionably contrived in town and will tackle rough terrain as capably as many a tough, working kind of 4x4.

The new
Sierra GLS 4x4.
Make the most
of 4 wheel drive
with a six
cylinder engine.

By now most people know what four wheel drive can do. How it gives you extra grip, especially when the roads are wet, and how it helps you corner with even greater safety and precision even when they're dry.

Ford, of course, were among the first to introduce four wheel drive in a normal road going car, as opposed to a specialist rally machine. We introduced the XR 4x4 back in 1985. So the engineering is thoroughly proven.

Now the new Sierra GLS 4x4 brings the advantages of the system further down the price range.

And the beauty of it is that, unlike most other four wheel drive cars, the Sierra GLS still has the powerful, fuel injected 2.9 litre V6 engine with 150 horsepower.

With the performance this gives you, you can really appreciate the extra grip.

The Ford four wheel drive system is also different from most others in that it splits the power 33% to the front wheels and 67% to the rear, not half and half.

This makes the car handle more like a rear wheel drive car, which is how most sporting drivers like it. It's more predictable that way.

Apart from that, the GLS 4x4 is equipped much like the normal GLS, with features like electric front windows, electric door mirrors, central locking, tilt/slide sunroof and four speaker electronic self/seek sound system all standard.

It's also worth remembering in a car which clings to the road so well that anti-lock brakes are also available as an option. After all they're especially valuable in our typical wet British weather.

You can also order an electrically heated windscreen, another Ford innovation and a good winter feature.

For more information on the GLS 4x4 and the rest of the Ford range you can call the Ford Information Service free on 0800 01 01 12.

Or, better still, drop in and see your Ford dealer. He'll show you why our four wheel drive has the rest for six.



Drive on the bright side.

